



DC Healthcare Holdings Berhad

“IPO Note – Providing quality aesthetics with beautiful results”

Ace Market
Health Care
Subscribe
IPO Price: RM0.25
Fair Value: RM0.60

Valuation / Recommendation

We have a SUBSCRIBE recommendation on DC Healthcare Holdings Berhad with a fair value of RM0.60 based on FY24F EPS of 2.5 sen and a PE of 24x which is a 10% discount to the health care sector’s FY24F PE.

We like the stock for its attractive expansion plans and high technical capabilities, well-positioned to leverage on the growth of the Malaysian aesthetic medicine market which is forecasted by Protégé to grow at a 6-year CAGR of 18.8% from 2021 to 2027. The Group has a 11.0% market share by business value in the aesthetic medicine market in Malaysia.

Investment Insights

Investing on the latest technology. The company’s aesthetic clinics are equipped with modern medical machines and equipment which ensure a good quality service to its customers. To support its expansion plans, the company plans to purchase the latest medical machines and equipment to support its aesthetic services. The new medical machines and equipment includes laser machines used for skin and facial treatments, body contouring and hair removal treatments which will be purchased to replace and upgrade existing equipment to enhance its services offerings.

Attractive expansion plans. The company plans to expand its existing clinics by establishing 8 new aesthetic medical clinics in the Northern and Southern region within 18 months upon listing. To support the expansion of its aesthetic medical clinics in other major cities in Malaysia, the company plans to strengthen its team of LCP Certified Aesthetic Physicians, clinic consultants, resident medical doctors, and other support staff via the recruitment of highly skilled and experienced personnel.

The company has 29 resident medical doctors currently undergoing training under the supervision of its LCP Certified Aesthetic Physicians and intends to allocate approximately RM13.9m (27.9% of IPO proceeds) to recruit additional 6 LCP Certified Aesthetic Physicians, 16 resident medical doctors, 56 clinic consultants and 16 management/administrative staff upon the setup of new aesthetic clinics which will strengthen its local presence going forward.

Experienced management team. The company is managed by MD Dr. Chong Tze Sheng who has more than 13 years of experience in medical services, and approximately 11 years of experience in aesthetic medical services. The company was able to achieve a 3-year revenue and PAT CAGR of 62.05% and 101.4% from FY19 to FY22.

Risk factors. (1) Skilled labour shortages. (2) Legal claims which could affect the company’s reputation.

INVESTMENT STATISTICS	FY20	FY21	FY22	FY23F	FY24F
Revenue (RM m)	14.4	25.5	52.0	70.0	110.0
EBITDA (RM m)	4.8	9.0	18.1	23.8	36.2
EBITDA Margin (%)	32.9	35.2	34.7	34.0	32.9
PAT (RM m)	1.9	4.6	9.6	15.1	24.5
EPS (sen)	0.2	0.5	1.0	1.5	2.5
EPS Growth (%)	-8.5	142.1	107.1	57.7	62.3
BV Per Share (sen)	0.5	0.8	1.5	7.6	9.6
PE (x)	131.0	54.1	26.1	16.5	10.2
Net gearing/ (net cash) (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
ROA (%)	11.3	14.1	19.8	14.5	20.0
ROE (%)	40.0	57.5	63.5	19.9	25.6

Sources: Company, Mercury Securities

Business Overview

DC Healthcare Holdings Berhad, through its subsidiaries, provide aesthetic medical services specialising in Non-Invasive and Minimally Invasive procedures. The company operate 13 aesthetic medical clinics located in the Central Region and Southern Region.

Listing Details

Listing Date	17 July 23
New Shares (m)	199.3
Offer For Sale (m)	99.6
Funds Raised (Rm m)	49.8

Post Listing

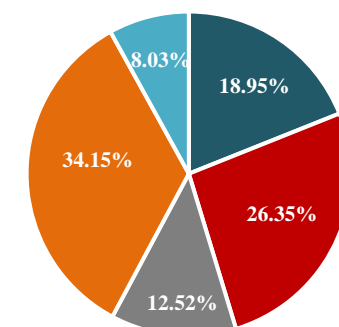
Ordinary shares (m)	996.3
Market Cap (RM m)	249.1
Free Float	30.0%
P/E (FY22)	26.1x

Major Shareholders

DCHG	62.38%
Dr. Chong Tze Sheng	4.67%
Dr. Lai Ngan Chee	2.95%

Utilization of IPO Proceeds

	(RM m)
Establish new aesthetic medical clinics (Within 18 months)	9.4
Purchase of new medical machines and equipment (Within 18 months)	13.1
Repayment of borrowings (Within 6 months)	6.2
Working capital (Within 36 months)	17.0
Listing expenses (1 month)	4.0



- Establishing new aesthetic medical clinics
- Purchase of new medical machines and equipment
- Repayment of borrowings
- Working capital
- Listing expenses

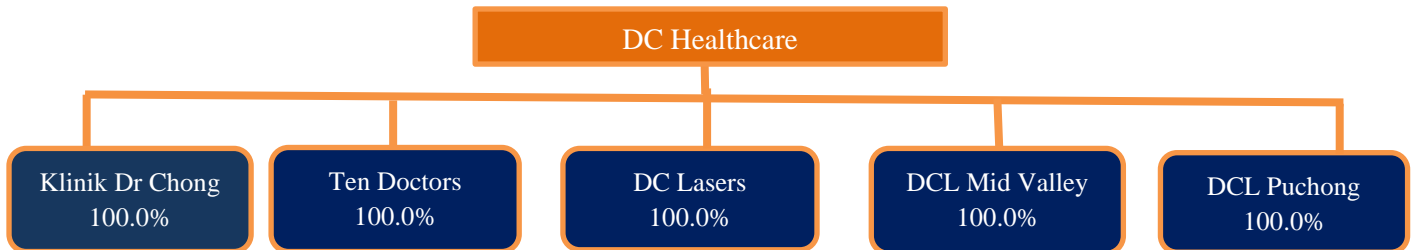


IPO details

	Offer for sale (m)	Public issue (m)	Total (m)	(%)
(i) Malaysian Public via Balloting	-	49.8	49.8	5.00%
(ii) Eligible Directors and employees as well as persons who have contributed to the success of the Group	-	29.9	29.9	3.00%
(iii) Private placement to Bumiputera investors approved by MITI	-	-	-	-
(iv) Private placement to selected investors	99.6	119.6	219.2	22.00%
Total	99.6	199.3	298.9	30.00%

Source: Company

Group structure post listing



Source: Company

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