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Duopharma relooks M&A opportunities to remain relevant



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Group managing director Leonard Ariff Abdul Shatar said the company has been relatively successful in penetrating the Malaysian market with a market share of 7% despite being the largest manufacturer.

KUALA LUMPUR: Duopharma Biotech Bhd will resume looking at mergers and acquisitions (M&A) opportunities especially within Asean to remain relevant over the longer term and grow. Group managing director Leonard Ariff Abdul Shatar said the company has been relatively successful in penetrating the Malaysian market with a market share of 7% despite being the largest manufacturer.

"The market is highly fragmented in Malaysia and there is a limit in what you can achieve in this market. To grow over a long term, it could not just be organic, hence we needed to look at M&A.

"For the two-year period during the movement control order period, we actually suspended looking at international companies as we are not comfortable doing due diligence online, and focused on the domestic sector.

"But this year, we are starting to look internationally, particularly the Asean market, for potential acquisition targets," he told reporters after the company's AGM yesterday.



Apart from the growth limitation in the Malaysian market, the company is also looking at balancing its portfolio to have a higher percentage of its sales denominated outside of the Malaysian currency, said Leonard Ariff.

Currently, of the company's total share for business, about 43% is contributed by the government sector, a further 47% from the private sector and the balance is from export, he said. So we do want to increase the international component of it and it will be in the healthcare space which is actually quite broad," he added.

He said the company had recently invested in a local startup called Naluri Hidup Sdn Bhd in its digitalisation effort and as part of its Digital Health Strategy, crafted to identify opportunities that would allow the company to provide the best solution along the healthcare value chain.

"One thing that the pandemic showed us is that eCommerce is something that is not going to go away and we need to find out where Duopharma will eventually fit in the ecosystem of the segment," he said.

Leonard Ariff shared that the company has quite a large exposure to the government sector via multiple tenders and among the large ones is for the approved product purchase list for generic medicine such as paracetamol, cough syrup and insulin, which constituted 40% of government sales.