

CORPORATE

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PETALING JAYA: Medical devices and integrated solutions provider LAC Med Bhd is banking on its further expansion into Indonesia's fast-growing healthcare market, and broadening recurring income streams through its new Equipment-as-a-Service (EaaS) model and medical device asset management services (MEAMS) to drive its next leg of growth.

Group chief executive officer Liew Yoon Poh said Indonesia's growing medical sector is driven by government initiatives – such as the national health insurance system, BPJS Kesehatan programme – and its huge population.

"Indonesia is very dynamic and the government is pushing a lot more on the accessibility of healthcare in the market because its population is huge.

"There are over 3,000 hospitals in Indonesia, which is way more than what we have in Malaysia, and they are still growing rapidly.

"Private healthcare driving towards excellence is also another factor.

"Indonesia is trying to keep more of its patients within the country instead of losing them to medical tourism. Hence, hospitals are improving their services to remain competitive," he told *StarBiz*.

LAC Med is principally involved in the supply and integration of medical devices. Its products include radiography, ultrasound, consumables, and software solutions.

The group is an authorised distributor of 11 global brands, with long-term partners such as Samsung and Philips. Since 2023, LAC Med has added new distributorships with brands including Stryker, LG, Abbott, and Bayer.

To anchor its push into Indonesia, the group incorporated PT Fairmed in December 2024 as a 95%-owned subsidiary. The unit currently operates from a rented office in Jakarta and has already begun generating revenue beginning the third quarter of this year.

As part of its initial public offering (IPO), the group plans to deploy RM8mil toward expanding its Indonesian operations, including the setting up of branch offices in Sumatra, Surabaya and Kalimantan within the next three years.

"We have tracked the growth of the healthcare sector in Indonesia very closely over the past six to seven years, and we think that this is a good time to expand

LAC Med banks on expansion into Indonesia

Company tapping on country's growing healthcare sector



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Liew Yoon Poh

our presence in the market," Liew said.

He noted government initiatives like the national health insurance system, BPJS Kesehatan programme, has also fuelled healthcare sector growth and subsequently, the demand for medical devices.

"The healthcare segment in Indonesia has been growing over the past four to five years because of BPJS.

"Under BPJS, hospitals are reimbursed for the treatments and diagnostics they provide, so they have more incentive to equip themselves and expand their services," Liew said.

Liew added the regulatory landscape has become more favourable in recent years. Healthcare was previously classified under Indonesia's "negative list", which prevented majority foreign ownership. The sector was removed from the list after 2021.

At present, the group's principal market is Malaysia, mainly serving customers in Peninsular and East Malaysia.

Liew said traditionally, the group's business has been very much driven by outright sales of medical devices and equipment. However, the company intends to expand into an asset-owner business model through its EaaS segment, which will offer customised solu-

tions comprising equipment, bundled with its managed software platform.

LAC Med plans to charge users a fee on a subscription-based model for the use of its facilities.

"This will help us to generate a recurring income stream and we expect it to contribute significantly to the growth and sustainability of our business," he said.

This comes as the company seeks to address concerns over earnings lumpiness, whereby Liew said the typical replacement cycle for the medical assets the group supplies is 10 years.

He said the group expects the EaaS business to ultimately be an added differentiator to its current offering, regularising revenue to be less lumpy.

On the long replacement cycle of its devices, Liew said the company manages this by planning and forecasting equipment replacement plans from the 8th year of the equipment's age.

The steady opening of new hospitals each year also expands the overall pool of devices that will need replacing.

For its EaaS model, Liew said equipment purchases will be financed through a combination of equity and debt. He maintained that gearing levels remain healthy.

"Post IPO, our gearing ratio will be less

than 0.1 times, hence we believe that it makes sense to move into the EaaS model, which will be able to contribute positively to our profit and loss," he said.

Further, the group is also developing MEAMS, a cloud-based asset management software solution that can provide predictive and preventive maintenance services supported by AI-driven analytics using machine learning algorithms to predict equipment failure based on usage patterns, data and historical records.

"MEAMS will also be part of the value offering in our EaaS services. We can offer MEAMS bundled together with the EaaS model, or sell it as a standalone service for existing hospitals that are not on the EaaS programme," Liew said.

The group is developing MEAMS in collaboration with external partners. Liew said discussions with these partners are already in the final stages, with the overall framework completed and the finer details being ironed out before it can be put into development.

LAC Med aims to raise RM55.6mil through an IPO on the Main Market on Bursa Malaysia on Dec 10. The group's IPO entails a public issue of 74.20 million new shares at an offer price of 75 sen per share.

The IPO pricing is based on a price-to-earnings ratio of 14.7 times, based on the financial year ended Dec 31, 2024 net profit of RM20.4mil, and values the company at an estimated market capitalisation of RM300mil upon listing.

The group plans to use RM12mil for the setting up of a new head office and warehouse.

A further RM8mil of the proceeds will be used for the expansion of its Indonesian business, while another RM8mil will be allocated for the establishment of the EaaS and MEAMS segments.

Further, RM6.1mil has been set aside for working capital needs.

The remainder of the proceeds will be used to repay bank borrowings amounting to RM16mil and to defray the estimated listing expenses of RM5.5mil.

Malaysia's domestic fundamentals promising, coupled with robust quality FDI

> FROM PAGE 1

While tariff negotiations remain challenging, he said some progress was made following the Asean Summit and US President Donald's Trump's tour of Asia.

Meanwhile, OCBC foreign-exchange strategist Christopher Wong, who is expecting the ringgit to hover at around RM4.10 against the US dollar in 2026, said he sees room for ringgit recovery to continue.

This comes on the back of various factors, he noted. He said the country's domestic fundamentals remain promising, supported by robust quality FDI, resilient growth, and wider trade surplus.

"Commitment to follow through fiscal consolidation also provides reassurance and strengthens foreign investor sentiment.

"This can also improve the prospects of portfolio inflows. To some extent, markets may also find confidence from policymakers' explicit mention of the US dollar-ringgit exchange rate going below in the next four to 12 months.

"In terms of external factors, a more resilient yuan is helping to anchor relative stability in the ringgit while the Fed resum-

ing the easing cycle is also helpful," he noted.

To some extent, Wong said he does not rule out the risk of increases in hedge ratios or faster conversion of export earnings (in foreign currency) should the ringgit's strength continue.

This may create or have already created a feedback loop for the ringgit's sharp appreciation of late, Wong added.

On the challenges that may affect the ringgit's strength, he said risk sentiment, global growth conditions, policy risks can be some of the drivers that may temporarily affect the appreciation trend.

The path of the local currency is also dependent on external factors including the US dollar trends and the yuan's policies, he said.

Wong said a more entrenched US dollar bear trend and further appreciation in the yuan can potentially amplify the ringgit's strength.

On the contrary, if global growth is hit or risk sentiment turns for the worst, then the ringgit may face depreciation pressure.

RAM Rating Services Bhd senior economist Woon Khai Jhek said the ringgit's performance in 2025 has been shaped by a confluence of global and domestic factors.

He said the biggest factor among them is the shift in US monetary policy, which had been much anticipated since the start of the year.

Woon said this saw a surge in foreign buying of Malaysia bonds in 2Q25, which soon after retreated in 3Q25 as the Fed rate cut bets eased as investors repriced for the possibility that the magnitude of rate cuts might not be as forthcoming.

"However, since early October, we've seen a notable reversal in capital outflows, with foreign investors returning to Malaysian bonds after several months of subdued interest.

"This renewed inflow, while not yet restoring foreign holdings to their previous peak, has underpinned the ringgit's strong improvement in recent weeks.

"A key driver behind this resurgence is a stronger signal of US monetary policy easing.

"The US Fed's move towards rate cuts has led to falling US Treasury yields, which decreases the appeal of the greenback, leading to the broad-based weakening of the US dollar.

"Falling US Treasury yields led to a narrowing spread between US Treasury's and Malaysian Government Securities.

"This makes Malaysian assets more attractive from a yield perspective. This helped support the appreciation of the ringgit against the US dollar," Woon said.

Besides that, he said the market has turned against the dollar, driven by expectations of further Fed rate cuts.

Woon is projecting the ringgit to average between RM4.25 and RM4.35 against US dollar in 2025, and expects the ringgit to average between RM4.15 and RM4.25 against the greenback in 2026.

"While a favourable Malaysia-US interest rate gap should support the ringgit as the Fed cuts rates, most US rate cut expectations are likely already priced in, limiting further appreciation unless US rates drop more than expected.

"Furthermore, recent ringgit gains reflect both a weaker US dollar and stronger local fundamentals. Ongoing uncertainties in the United States have prompted funds to seek other high-yielding assets abroad, positioning Malaysia as a key beneficiary.

"As confidence in the United States market gradually recovers and treasury yields adjust to a level palatable to risk-averse investors, some dollar strength may return," Woon noted.