

LAC Med Berhad (LACMED)

Solutions Provider In The Medical Equipment Segment

- Operating as an authorised distributor in Malaysia, the Group supplies third-party brands of medical devices, including medical equipment, medical consumables, and provision of software and system integration. Moreover, the majority of the medical equipment supplied is used for diagnostic purposes.
- We project the Group's earnings to grow by 18.2%/25.1%/6.5% on the back of: (i) Healthy adoption rate through the introduction of its EaaS and SaaS offerings, as well as expanding brand portfolio as well as contributions from the Indonesia expansion plan.
- We ascribed a P/E of 15.0x, pegged to its mid-FY26f EPS of 6.78 sen, arriving at a fair value of RM1.02. We believe 15.0x P/E is fair given its peer (under the medical distribution segment) is trading at trailing and forward PER range of 14.8-16.3x.

Investment Merits

A homegrown expert in supplying and integrating medical devices. Established in 2004, LACMED boasts a remarkable 21-year track record as an integrated provider of medical device supply and healthcare technology solutions. For perspective, LACMED specializes in high-value medical equipment, such as Magnetic Resonance Imaging (MRI), which typically require space design, area renovations, and Mechanical & Electrical (M&E) works. With distribution channels focused on private and public hospitals in Malaysia and Indonesia, LACMED generates revenue through two primary channels: i) lump-sum revenue and ii) recurrent income.

Repetitive customers beget an opportunity for stable cash flow. We believe a significant appeal of LACMED lies in the substantial portion of its revenue being generated through repetitive orders from its customers, all in all reflecting positively on LACMED's value proposition. Over the period from FY22-24, a notable 53.4-60.2% of its revenue stemmed from repeat customers across its i) supply and integration of medical devices, ii) supply of medical equipment, and iii) supply of related products and services. With LACMED shifting towards an asset-ownership model, we believe this strong relationship provides a clear opportunity for the Group to expand its recurrent income.

No upfront cost, stronger customer pull. In our view, LACMED stands out within its niche; integrating high-value medical equipment with the flexibility to cater clients' needs. With LACMED shifting its business model toward asset-ownership in pursuit of IPO proceeds, we believe this creates natural demand for its zero-CapEx, performance-guaranteed offerings instead of purely one-off projects, as clients gain the flexibility to allocate their CapEx toward working capital. For perspective, under this win-win model, LACMED bears the upfront CapEx while clients pay on an annuity basis, which in turn expands its recurrent income base, enhances earnings stability, and more cross-selling opportunities.

IPO war chest to unlock the next wave of medical innovation. Hence, approximately 14.4% of IPO proceeds (c.RM8.0m) will be allocated towards establishing the EaaS segment, which will enable LACMED with the flexibility to customise its solutions, all in all comprising equipment combined with a managed software platform. This, in turn, allows LACMED to charge fee to its end users based on a subscription-based model. Hence, we view this development as key to meeting growing demand, in tandem with the strong momentum in health services; which grew at a CAGR of 9.1% between CY22-24, while also providing a competitive edge against LACMED's peers.

IPO Note – Not rated

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Non-Rated

Share price	RM0.75
Target price	RM1.02
Previous TP	-
Capital upside	36.0%
Dividend return	2.7%
Total return	38.7%

Company profile

The Group is principally involved in supplying and integrating medical devices such as Magnetic Resonance Imaging (MRI), all in all requiring space design, area renovations, and Mechanical & Electrical (M&E) works.

Stock information

Bursa Code	5341
Bloomberg ticker	LACMED MK
Listing market	MAIN
Share issued (m)	400.0
Market Cap (m)	300.0
Shariah compliant	YES

Major shareholders

	%
Liew Yoon Poh	20.9
Liew Yoon Kit	16.4
Giam Teck Eng	16.4

Earnings snapshot

	FY25	FY26f	FY27f
FYE (Mar)			
PATMI (m)	20.4	24.1	30.2
EPS (sen)	5.10	6.03	7.54
P/E (x)	14.7	12.4	9.9



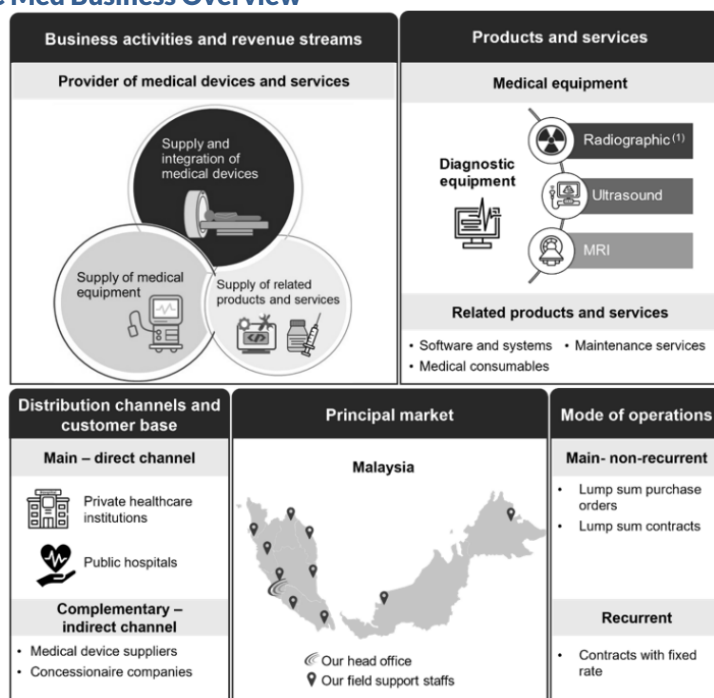
Company Overview

LAC Med Berhad primarily specialises in the supply and integration of medical devices and related products and services. Operating as an authorised distributor in Malaysia, the Group supplies third-party brands of medical devices, including medical equipment, medical consumables, and provision of software and system integration. The majority of the medical equipment supplied is used for diagnostic purposes.

The group's revenue contribution by business activities is presented below:

- i. **Supply and integration of medical devices (47.2% of FYE24 revenue).** The Group supplies and integrates medical equipment through lump-sum contracts or purchase orders, typically for equipment that requires space renovation and substantial M&E work.
- ii. **Supply of medical equipment (44.5% of FYE24 revenue).** These equipment and related products are either standalone or mobile and that do not require space renovation and M&E work.
- iii. **Supply of related products and services (8.3% of FYE24 revenue).** The Group supplies medical equipment, including IVUS catheters, ultrasound transducers, neurovascular devices (Stryker), diagnostic reagents (Abbott), and etc.

Fig #1 LAC Med Business Overview



Source: LAC Med Berhad

Fig #2 Corporate Milestones

Year	Milestones
2003	LAC Medical was incorporated in 2003 and commenced operations in 2004,
-	initially supplying medical goods and equipment. It later expanded into
2004	imaging films for film-based radiography and into medical devices through
-	computer radiography systems.
2007	Expanded into imaging films for film-based radiography and into medical
-	devices through computer radiography systems. Subsequently secured



- 2012** distributorships from GE Pacific Pte Ltd (healthcare IT software) and GE Healthcare Pte Ltd (medical equipment).
- 2013** Appointed as a non-exclusive distributor by Samsung Electronics Co., Ltd. for X-ray machines in Malaysia, and by Samsung Medison Co., Ltd. for the distribution of ultrasound machines in the country.
- 2017**
- 2023** Secured non-exclusive distributorships for AI-driven imaging solutions from Annalise-AI Pty Ltd (annalise.ai) and AIRS Medical Inc. (SwiftMR). Secured a non-exclusive distributorship for Stryker neurovascular devices. Incorporated PT Fairmed in Indonesia.
- 2024**
- 2025** Secured new distributorships with Abbott Laboratories, LG Electronics, Hill-Rom, Alpinion Medical Systems, and Bayer. Commenced the EaaS segment through an agreement with a PLC to provide picture archiving and communication software across 30 hospitals.
- LPD**

Source: LAC Med Berhad

Led by an experienced senior management team. LACMED is led by Liew Yoon Poh, Group CEO, responsible for strategic direction and business development, with a career spanning LAC Medical, CVS Medical, PT Fairmed, and GoCloud. Hong Chong Chet, Deputy CEO, oversees strategic projects, digital healthcare initiatives, and regional growth, with prior roles at GE Healthcare and Pharmaniaga Biomedical. Thean Yain Peng, CFO, manages finance, treasury, tax, accounting, and procurement, with experience across listed and private companies. They are supported by a senior management team with deep expertise in medical technology, business development, and healthcare operations.

Fig #3 LAC Med's SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> From what we gathered, there are limited numbers of public-listed companies involved in supply and equipped with the expertise to provide integration services within LACMED's segments. Robust repetitive orders from existing customers, reflecting its strong value proposition. 	<ul style="list-style-type: none"> Given that LACMED has successfully implemented the asset-ownership model, we think the Group is exposed to default risk from its clients. The Group depends on distributorships with major brands like Philips and Samsung, all of which non-renewal, termination, or a shift to direct sales by brand owners could materially affect operations and financial performance.
Opportunity	Threat
<ul style="list-style-type: none"> Indonesia's healthcare budget is recovering post-pandemic, rising to IDR218.5tn in 2025 and signalling sustained government commitment to public health. Its large and growing network of hospitals, health centres, and clinics provides a substantial demand base for medical device distribution. 	<ul style="list-style-type: none"> We understand that the manufacturing of medical equipment is rather complex and difficult to replicate; hence outsourcing remains LACMED's current strategy, although it comes with relatively smaller margins. Risk of early termination of its projects may adversely to its financial performance.

Source: M+ Research



Future Plans and Strategies

Setting up a new head office. The Group intends to relocate its head office from Kelana Jaya, Selangor, to a larger ready-built property of ~25,000 sq. ft., comprising of i) 17,000 sq. ft. office, ii) 5,000 sq. ft. inventory storage, as well as iii) 3,000 sq. ft. showroom; aiming to accommodate a larger workforce, expand storage capacity, and create a customer demonstration space.

Expanding product and service offerings with MEAMS. The Group aims to introduce its Medical Equipment Asset Management System (MEAMS) pursuant to the IPO proceeds. For perspective, we believe this development will enhance LACMED's operational efficiency by providing greater flexibility in monitoring equipment availability, assessing performance, as well as minimising downtime.

Introducing an Equipment-as-a-Service (EaaS) model. Moreover, the Group is shifting toward an asset-ownership model through Equipment-as-a-Service (EaaS). We view this model as a win-win for LACMED and its clients, offering LACMED greater earnings stability instead of just one-off projects while giving clients capital flexibility when exercising this arrangement.

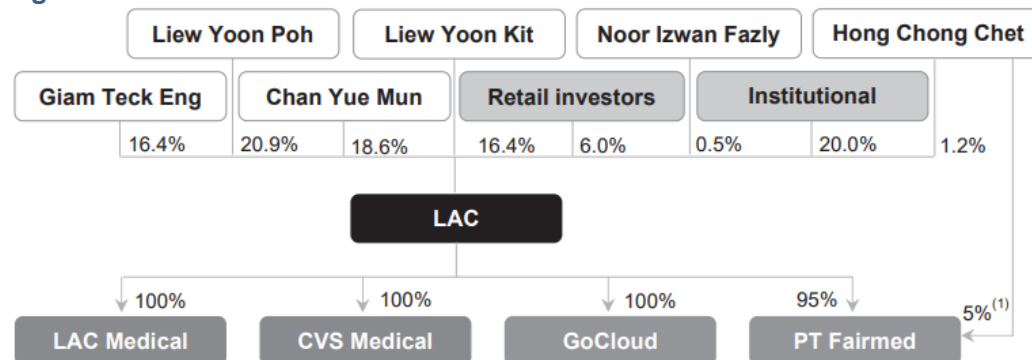
Regional expansion into Indonesia. Besides that, the Group aims to further grow its geographical presence in Indonesia, in tandem with the country's expanding healthcare sector. Leveraging its expertise in supplying medical devices, the Group has secured exclusive distributorship rights for Alpinion ultrasound equipment. Moreover, we understand the Group will establish branch offices in Sumatra, Surabaya, and Kalimantan over the next two years.

Fig #4 Utilisation of Proceeds

Use of proceeds	RM 'm	%	Estimated time frame
Capital expenditure			
- Setting up new head office and warehouse	12.00	21.60	Within 36 months
- Expansion of Indonesian business	8.00	14.40	Within 36 months
- Establishment of EaaS and MEAMS segments	8.00	14.40	Within 36 months
Repayment of bank borrowings	16.00	28.70	Within 12 months
Working capital	6.15	11.00	Within 24 months
Estimated listing expenses	5.50	9.90	Within 1 month
Total	55.65	100.00	

Source: LAC Med Berhad

Fig #5 Post-IPO Structure



Source: LAC Med Berhad



Financial Highlights

Financial Overview. The Group's revenue expanded from RM106.6m in FY22 to RM183.2m in FY24, delivering a 2-YR CAGR of c.31.1%. Growth remained intact into FPE25, with revenue rising to RM95.0m (+7.0% YoY). Breaking it down, the supply & integration segment continued to anchor LACMED's performance, rising from RM55.0m in FY22 to RM86.5m in FY24 (CAGR: c.25.4%), before surging to RM72.2m in FPE25 (+116.3% YoY) on stronger project execution and higher progress recognition.

Its supply of medical equipment segment also delivered steady traction, climbing from RM44.8m in FY22 to RM81.5m in FY24 (CAGR: c.34.9%) as demand for core devices strengthened across hospitals, though normalising to RM14.3m in FPE25 following an unusually strong comparison base. Meanwhile, related products and services provided a rising recurring layer, growing from RM6.8m in FY22 to RM15.2m in FY24 (CAGR: c.49.5%) and lifting to RM8.4m in FPE25 (+58.5% YoY), supported by consumables demand, integration works and maintenance contracts.

Financial Forecast. We project the Group's earnings to grow by 18.2%/25.1%/6.5% on the back of:

- i. Healthy adoption rate through the introduction of its EaaS and SaaS offerings, given that these provide customers with flexibility in allocating CapEx towards their core business.
- ii. Expanding brand portfolio as well as contributions from the Indonesia expansion plan.

Fig #6 Financial Forecast

FYE Dec (RM m)	FY23	FY24	FY25f	FY26f	FY27f
Revenue	150.3	183.2	205.2	265.1	292.4
EBITDA	27.1	27.9	33.4	43.0	47.4
EBIT	26.8	27.5	32.0	39.8	42.4
PBT	25.7	27.0	31.7	39.7	42.3
PAT	20.7	20.4	24.1	30.2	32.1
PATMI – Core	20.7	20.4	24.1	30.2	32.1
PATMI – Reported	20.7	20.4	24.1	30.2	32.1
% change YoY – Core PATMI	58.8%	-1.7%	18.2%	25.1%	6.5%
Core EPS (sen)	5.19	5.10	6.03	7.54	8.03
P/E (x)	14.5	14.7	12.4	9.9	9.3
EV/EBITDA (x)	11.2	10.9	9.1	7.1	6.4
DPS (sen)	1.5	3.1	1.8	2.3	2.4
Yield (%)	2.0%	4.2%	2.4%	3.0%	3.2%
BVPS (RM/share)	0.1	0.1	0.3	0.4	0.4
P/B (x)	7.5	6.3	2.4	2.1	1.8
ROE (%)	64%	47%	28%	23%	21%
Net Gearing (%)	CASH	0.1	CASH	CASH	CASH

M+ Research



Valuations

Valuations. We ascribed a P/E of 15.0x, pegged to its mid-FY26f EPS of 6.78 sen, arriving at a fair value of RM1.02. While there are no direct listed peers within LACMED's supply and integration of medical devices niche, we believe Umedic Group Berhad (UMC) provides a fair comparison given the Group's medical distribution segment, with business models also shifting towards an asset-ownership approach. Hence, we believe 15.0x is justified, given UMC's trailing and forward PER range of 14.8–16.3x.

Moreover, LACMED is committed to a dividend payout ratio of up to 30% of PAT, translating into prospective dividend yields of 2.4%, 3.0%, and 3.2% for FY25–FY27f, respectively.

Investment Risks

Regulatory Compliance and Licensing. The Group operates in a highly regulated medical device industry in Malaysia and Indonesia, requiring multiple licenses, certifications, and compliance with Good Distribution Practice standards. Maintaining and renewing these approvals is critical for operations, although future renewals are not guaranteed.

Dependence on Distributorship Agreements. The Group relies on distributorship agreements with major brands, primarily Philips and Samsung, which contribute significantly to revenue. Non-renewal, termination, or a shift toward direct sales by brand owners could adversely affect operations and financial performance.

Revenue Reliance on Projects and Orders. Revenue is largely project-based and non-recurring, making the consistent securing of new contracts and purchase orders crucial for business sustainability.

Dependence on Key Management and Skilled Personnel. The Group's performance depends on the experience of its CEO, senior management, and technical staff. Loss of key personnel or a shortage of skilled support could negatively impact operations, customer relationships, and financial outcomes.

Environmental, Social & Governance (ESG) Practices

Environmental (E)

- i. **Internal Awareness & Regulatory Compliance.** The Group actively raises internal awareness about environmental responsibility and ensures compliance with all applicable environmental regulations.
- ii. **Sustainability in Product Development.** Philips, one of the Group's major suppliers, integrates sustainability into the core of its healthcare product development.

Social (S)

- i. **Healthcare Contribution to Society.** As a company supporting the healthcare sector, the Group recognises its responsibility to contribute positively to society. Through its expertise and resources, it supports the advancement of healthcare and improves the quality of life within the communities it serves.
- ii. **Workforce Safety, Diversity & Ethical Practices.** The Group upholds its commitments to workforce health, safety, diversity, and ethical labour practices



through the establishment of a Safety Committee aimed at fostering a safe work environment.

Governance (G)

- i. **Commitment to Governance Standards.** The Group is committed to achieving and upholding high standards of corporate governance and ethical conduct in accordance with the Malaysian Code on Corporate Governance (MCCG), ensuring accountability, transparency, integrity, and shareholder protection.
- ii. **Board Independence & Diversity.** As at 2 May 2025, the Group complies with key MCCG practices whereby half of the Board comprises independent directors and at least 30% comprises women directors.

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

