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# DEAL OR NO DEAL: MALAYSIA'S M&A PROSPECTS IN 2026

**18 December 2025**

As 2025 draws to a close, Malaysia's mergers and acquisitions landscape stands at an inflection point. The past two years have marked a period of recovery and rebuilding following several cycles of global and domestic uncertainty. The question now is whether this renewed momentum can be translated into sustainable, strategic dealmaking in 2026.

While it is often tempting to assess M&A activity through the prism of headline transactions and high-value acquisitions, Malaysia's recent experience tells a more nuanced story. Beyond the headline deals, the market has seen a steady return of corporate confidence, a broadening of sector participation, and a recalibration of long-term investment priorities. These underlying trends are likely to shape the character of Malaysian M&A in the year ahead.

**The Rebuilding Years: 2024 and 2025 in Review**

The Malaysian M&A market in 2024 marked a clear turning point. After several years of muted activity, deal volumes rebounded strongly. Unlike the uneven recoveries observed in parts of the wider Asia-Pacific region, Malaysia's resurgence was notable for both scale and breadth.

The privatisation of Malaysia Airports Holdings Berhad served as a strong signal of continued interest from global and institutional capital, including infrastructure and sovereign investors.

Equally significant, however, was the depth of mid-market activity. Transactions involving IT services providers, logistics operators, retail platforms, precision engineering businesses and education providers reflected a broader participation in dealmaking and a renewed appetite for growth among Malaysian corporates.

This momentum carried into 2025, with deal themes becoming more refined and sector-driven. Plantation companies engaged in privatisations and landbank consolidation. Technology and electronics players benefitted from sustained semiconductor demand and Malaysia's expanding role in regional supply chains, with data centres emerging as a particularly active area. Healthcare began to attract increased attention from both strategic buyers and private equity, while real estate players explored asset recycling and REIT structures against a backdrop of stabilising interest rates. Logistics and industrial services also gained prominence, supported by developments surrounding the Johor-Singapore Special Economic Zone.

Taken together, these developments point to a market that is re-entering a full M&A cycle with stronger fundamentals and broader-based participation.

### The Macroeconomic Context for 2026

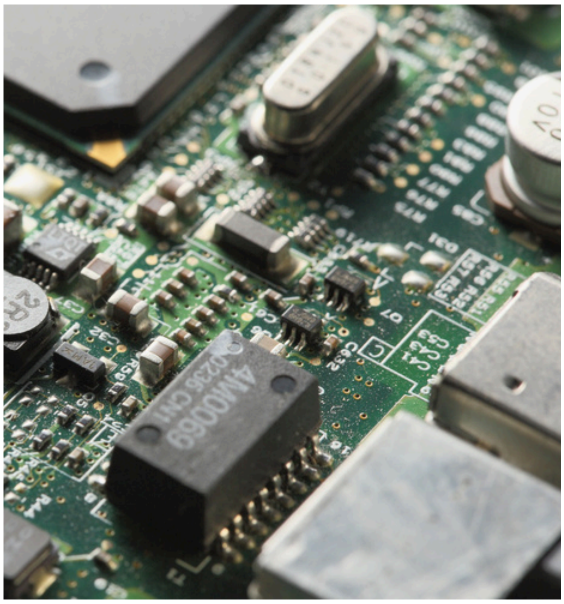
The outlook for 2026 is underpinned by a cautiously optimistic macroeconomic environment. Malaysia is projected to achieve growth in the range of 4.0 to 4.5 percent, supported by export strength in semiconductors and AI-related applications, as well as continued infrastructure investment. Inflation remains manageable, labour market conditions are stable, and Malaysia continues to be viewed as a relatively resilient and politically stable investment destination within ASEAN.

Importantly, 2026 is also expected to be an execution year for a number of national policy initiatives. These include:

- Ekonomi MADANI as the overarching economic framework;
- the New Industrial Masterplan 2030 with its emphasis on high-value manufacturing and industrial transformation;
- the National Semiconductor Strategy;
- the National Energy Transition Roadmap, the KL20 initiative aimed at strengthening the technology ecosystem; and
- the Johor-Singapore Special Economic Zone.

Collectively, these frameworks provide clear signals as to where incentives, capital and M&A activity are likely to be concentrated.

### Key M&A Themes to Watch in 2026



*Semiconductors and Supply Chain Realignment*

The semiconductor sector remains Malaysia's strongest structural growth story. The country has moved beyond being a pure manufacturing base and is increasingly embedded in global supply chain realignment driven by geopolitical and technological shifts. In 2026, consolidation among local electrical and electronics firms is expected as companies seek scale and resilience. Foreign investors are likely to pursue strategic stakes to secure capacity, while Malaysian corporates may move upstream into automation, design services and higher value processes. This sector is expected to anchor a significant portion of overall deal flow.

*Energy Transition, Plantations and Decarbonisation*

Energy transition and decarbonisation will be a major driver of M&A activity across multiple sectors. As carbon pricing mechanisms and ESG requirements gain traction, companies are reassessing their asset portfolios. This is expected to result in acquisitions of renewable energy platforms and energy-efficient technologies, alongside divestments of carbon-intensive assets.

The plantation sector provides a useful illustration. High commodity prices, rising costs and ESG pressures drove consolidation in 2025, a trend that is likely to continue as groups pursue scale, efficiency and downstream integration. Beyond plantations, deal activity is expected in renewable energy, battery storage, grid technologies, energy management systems and carbon-tracking solutions.

*Healthcare, Education and Consumer-Oriented Services*

Demographic trends and evolving consumer preferences continue to support long-term demand in healthcare, education and lifestyle services. In healthcare, consolidation among clinic chains, acquisitions of specialised diagnostic platforms and expansion by regional hospital groups are expected. Private equity interest is likely to remain strong in outpatient care, wellness and specialised service segments.

Education is another area of sustained M&A interest, spanning private higher education institutions, online learning platforms and vocational or upskilling providers. As Malaysia positions itself as a regional education hub, cross-border acquisitions in this space are expected to increase.

*Real Estate, REITs and Alternative Assets*

Stabilising interest rates and demand for yield are likely to support continued M&A activity in real estate. Developers with substantial landbanks or mature assets may pursue divestments or monetisation through REIT structures. Institutional capital is expected to play a larger role in logistics and warehousing assets, particularly those supporting AI, cloud computing and e-commerce.

Data centres in Johor and the Klang Valley are expected to remain attractive, although increased regulatory scrutiny in this sector will require careful structuring and diligence.

In 2026, the intersection between real estate strategy and M&A execution is expected to become more pronounced.

*Merger Control and Regulatory Change*

One of the most significant developments for dealmakers in 2026 will be the introduction of Malaysia's long-anticipated cross-sector merger control regime. Even during its transitional phase, competition considerations will become a central aspect of deal structuring. This will necessitate earlier competition assessments, more detailed market and market share analysis, and potentially longer transaction timelines.

While this represents an added layer of complexity, the move towards a transparent and rules-based merger control framework is ultimately positive and aligns Malaysia with international best practices, thereby enhancing investor confidence.

**Strategic Priorities for Corporates and Advisors**

Against this backdrop, three strategic imperatives stand out. First, corporates must articulate a clear acquisition thesis, whether focused on capability-building, regional expansion, vertical integration or technology access. Strategic clarity will be critical in guiding transaction selection and execution.

Second, early preparation for merger control and competition issues will be essential. Competition analysis can no longer be treated as a late-stage consideration.

Third, 2026 should be approached as a portfolio reset year. Corporates should take the opportunity to divest non-core businesses, streamline group structures and redeploy capital into growth areas aligned with national policy priorities and global trends.

**Conclusion**

Malaysia enters 2026 with one of its strongest M&A outlooks in the post-pandemic period. The market benefits from sectoral depth, policy alignment, sustained cross-border interest and a corporate landscape that is increasingly confident and outward-looking. However, 2026 is unlikely to be driven by momentum alone. It will be a selection-driven market, rewarding disciplined investors and well-prepared dealmakers.

For Malaysian corporates, investors and advisors who approach the year with clarity, discipline and sophistication, 2026 has the potential not merely to extend the recent rebound, but to mark Malaysia's transition into a more mature, strategic and globally integrated M&A environment.

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*This article is based on a presentation by the writer at the **Six Signals for 2026,** an event hosted by Skrine on 10 December 2025.*

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