

24 FEB, 2025

IPOs across key sectors to surge in 2025

The Malaysian Reserve, Malaysia



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As of Feb 20, 8 companies have been listed on ACE Market

by AUFA MARDHIAH

THE Malaysian stock market continues to demonstrate resilience and growth, with Bursa Malaysia reporting a total of 1,060 listed companies across its Main, ACE and LEAP markets as of January 2025. This represents a marginal increase from 1,059 in 2024, signalling sustained interest in public listings despite global economic uncertainties.

In 2024, Bursa Malaysia saw 55 new IPOs, comprising 11 listings on the Main Market, catering to established companies; 40 listings on the ACE Market; and four listings on the LEAP Market.

The pace remains steady. As of Feb 20, eight companies have been listed on Bursa Malaysia's ACE Market. One of them, Oriental Kopi Holdings Bhd, which owns 19 outlets across Malaysia and one joint-venture outlet in Singapore, saw a sizzling debut for its IPO, which almost doubled at listing on Jan 23.

Electronic reload and bill payment services firm Richtech Digital Bhd, which was listed on Feb 17, saw its IPO oversubscribed by approximately 245 times.

Other companies that have recently been listed include Swift Energy Technology Bhd (Jan 8), CBH Engineering Holding Bhd (Jan 16), Northern Solar Holdings Bhd (Feb 6), Colform Group Bhd (Feb 10), Techstore Bhd (Feb 18), ES Sunlogy Bhd (Feb 20) and Pantech Global.

For 2025, the IPO target is set at 60, said outgoing Bursa Malaysia CEO Datuk Muhamad Umar Swift during a press conference last month. These listings are anticipated to span a wide array of industries and sectors, including healthcare, energy, construction and trading.

"It is expected to be a very diverse group of IPOs including infrastructure listings," he said, adding that the 60 IPOs are anticipated to increase the local stock exchange's market capitalisation by RM40.2 billion, compared to RM31.37 billion last year. In 2024, the 55 new listings collectively raised RM7.4 billion.

The distribution of listed companies this year highlights the dominance of the Main Market, which accommodates 811 companies. Meanwhile, the ACE Market continues to support Malaysia's small and medium enterprises (SMEs) with 202 companies, while the LEAP Market, although modest, comprises 47 companies.

Historically, the highest numbers of IPO on Bursa Malaysia occurred in 1996 with 92 IPOs, and in 2005 with 79 IPOs. In comparison, the 2020s have seen more measured growth, with annual IPO figures averaging between 30 and 50.

Bursa Malaysia's IPO market remains a critical driver of economic growth, offering opportunities for businesses to expand and investors to diversify their portfolios. With the stability of the nation's financial ecosystem and ongoing market reforms, experts predict a steady pipeline of IPOs throughout the remainder of 2025.

The year is expected to see a very diverse group of IPOs including infrastructure listings, says Muhamad Umar



Oriental Kopi experienced a strong debut for its IPO, with its listing price nearly doubling on Jan 23

Bright Prospects for IPO Amid Headwinds

Tradeview Capital Sdn Bhd CEO Ng Zhu Hann expressed confidence in Malaysia's continued leadership as South-East Asia's premier IPO hub.

He said Malaysia's IPO market is expected to remain robust in 2025, with a target of 55 to 60 IPOs, surpassing the 55 recorded in 2024.

Ng anticipates that most of these listings will originate from the ACE Market, largely driven by local retail and institutional investors.

"While global economic uncertainties may dampen foreign fund inflows, particularly affecting Main Market IPOs, the ACE Market is expected to remain resilient, owing to its reliance on domestic investors," he added.

Ng also foresees a diverse range of industries driving IPO activity this year, with notable sectors including industrial production and engineering services, consumer retail and technology.

"These industries will drive the majority of listings, reflecting diverse investment opportunities for investors," he added.

Malacca Securities Sdn Bhd analyst Muhammad Nabil cautioned that global economic uncertainties, including foreign outflows and weak sentiment, could impact Malaysia's IPO pipeline.

"South-East Asia has experienced nearly US\$3 billion in foreign capital outflows due to concerns over US trade policies and fiscal uncertainties," he said.

IPO performance in the last quarter of 2024 showed signs of fatigue, attributed to these global pressures.

However, he highlighted that Malaysia's ACE Market, which is primarily focused on domestic companies, along with government initiatives to strengthen liquidity, would provide a buffer against these challenges.

Muhammad Nabil remains optimistic about the market's resilience, further emphasising growing investor interest in sectors such as healthcare, telecom and renewable energy (RE).

Meanwhile, Rakuten Trade Senior Equity Sales Analyst Tan Shek Yin said the strong momentum in both the quantity and quality of listings, positioning



Ng is confident in Malaysia's ability to maintain its leading position in the region's IPO market

Malaysia's IPO market for growth in 2025.

She highlighted companies like Oriental Kopi, which, despite being eligible for the Main Market, exhibit strong fundamentals and well-structured growth strategies.

Furthermore, she pointed out that regulatory enhancements, such as the expedited three-month IPO approval process and the LEAP Market Transfer Framework, have strengthened the market ecosystem, enabling smoother transitions for companies like TopVision Eye Specialist Bhd and Steel Hawk Bhd to the ACE Market.

While acknowledging the challenges posed by global economic uncertainties — including inflation, rising interest rates and geopolitical tensions — Tan remains optimistic regarding the prospects of Malaysia's IPO market.

"The ACE Market, largely driven by local investors, is less affected by foreign fund outflows compared to the Main Market,"

She added that technology and RE sectors are expected to remain insulated from broader economic challenges due to strong government incentives and increasing demand for sustainable solutions.

Sectoral Trend to Watch

Malaysia's IPO market in 2025 is projected to be primarily driven by several key sectors, with healthcare and RE expected to lead.

Muhammad Nabil highlighted that the healthcare sector is positioned for significant growth, largely due to the rising demand for medical tourism, which has spurred considerable interest in healthcare IPOs.

RE is another sector showing strong potential, bolstered by the National Energy Transition Roadmap (NETR) and increased tariffs introduced by Tenaga Nasional Bhd (TNB). IPOs in this sector are anticipated to benefit substantially from large-scale projects such as the Solar S (LSS) programme, which is projected to generate RM5 billion in engi-



The ACE Market is less affected by foreign fund outflows compared to the Main Market, says Tan

neering, procurement, construction, and commissioning (EPCC) contracts.

Similarly, he noted that telecom companies, including U-Mobile, are leveraging the nation's growing digital connectivity to attract the attention of investors.

Another promising sectors he highlighted is infrastructure and data centre projects, which are expected to play a key role, particularly in Johor's Iskandar region, where industrial land sales, data centre developments and new property launches in the special economic zones are gaining momentum.

Additionally, major infrastructure projects such as the Penang LRT and the potential revival of the Kuala Lumpur-Singapore high-speed rail (HSR) project are likely to bolster investor confidence and drive IPO activity in these sectors.

He also mentioned regional companies such as Hong Kong's Unity Group Holdings International Ltd and Singapore's UMS Holdings Ltd are also considering dual listings on Bursa Malaysia, further enhancing market appeal.

On the other hand, Tan highlighted the technology sector with upcoming IPOs from companies like TechStore (M) Sdn Bhd, RichTech Digital Bhd, PEOPLElogy Bhd and ICT Zone Asia Bhd poised to capitalise on Malaysia's emergence as a chip manufacturing hub, driven by investments from Chinese semiconductor companies and global tech firms.

Other upcoming IPOs she foresees to debut in the Main Market are Cuckoo International (M) Bhd and Eco-Shop Marketing Bhd.

Big Potential Despite Market Jitters for Small-cap IPOs

Commenting on small and mid-cap IPOs, Ng reviewed the 2024 data, which showed that 85% of small and mid-cap IPOs on the ACE Market outperformed their IPO price.

As a result, he anticipates a similar trend in 2025, emphasising

ing that these IPOs continue to offer significant opportunities for growth-oriented investors despite market volatility.

With an expected increase in IPOs and broader industry representation, he believes that 2025 will provide local investors with more options and diversity for their investment portfolios.

"The variety of companies going public will provide greater opportunities for domestic retail investors, especially in the small and mid-cap space," said Ng.

Meanwhile, Muhammad Nabil maintains a positive outlook on the long-term growth potential of small-cap IPOs, despite the potential for short-term challenges stemming from market volatility.

"Small-cap IPOs with strong growth potential and attractive valuations are well-positioned to benefit from increased capital expenditure and government initiatives aimed at strengthening domestic liquidity and foreign direct investment trends," said Nabil.

Opportunities for Investors

Nevertheless, Muhammad Nabil believes Malaysia's IPO market presents significant opportunities for investors, particularly in terms of dividend yields and historical performance.

"Some companies are expected to offer attractive dividend payout ratios of up to 50%, providing a reliable income stream alongside potential share price appreciation," he said.

Additionally, he added that the market's track record further enhances its appeal. In 2024, IPOs achieved an average premium of 20%-40% above their issue price, with only 20% of listings trading below their IPO price, underscoring the strong performance and investor confidence in the market.

Further highlighting the market's variety of investment opportunities this year, Tan believes retail investors will have greater options to diversify their portfolios, reinforcing Malaysia's appeal as a regional investment hub.

Policy, Regulatory Impact

Another important factor for the market this year is the tax reduction introduced by the government to strengthen the IPO ecosystem and support SME listings.

Tan said tax deductions of up to RM1.5 million for listing expenses on the ACE and LEAP Markets, now extended to technology firms listing on the Main Market, aim to reduce financial barriers for companies.

Additionally, she said the tightening of environmental, social and governance compliance regulations provide opportunities for companies with strong sustainability practices, such as Keyfield Bhd, to gain favour with international investors.

Malaysia's IPO Market to Lead in South-East Asia

Looking ahead, Ng expressed confidence in Malaysia's ability to sustain its leading position in the region's IPO market.

Muhammad Nabil also remains positive that Malaysia's capital market is expected to remain a cornerstone of South-East Asia's economic growth, backed by a well-diversified IPO pipeline and government initiatives fostering a favourable environment.

"The IPO market will continue to provide investors with opportunities for both income and capital appreciation, driven by Malaysia's robust regulatory framework and vibrant economic sectors," said Nabil.