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## Education arm next for listing in 2015 : Ekuinas

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**PETALING JAYA:** Ekuiti Nasional Bhd (Ekuinas), a government-linked private equity firm, believes its education arm, Ilmu Education Group Bhd (IEGB) will be ripe for listing by next year.

"We've entered the fifth year of operation where this is the divestment phase, we're commencing preparation for some of these companies, but it (the listing of IEGB) probably will be in 2015," its CEO Datuk Abdul Rahman Ahmad told a press conference here yesterday in conjunction with the results announcement for 2013.

"Generally, we're looking at the education arm to crystallise its value in 2015, and for the food and beverage business, it may take a longer gestation period," Abdul Rahman said.

He said even though a listing would be the preferred option to realise value in its education arm, it does not discount other methods, such as a strategic share sale, like in the case of Konsortium Logistik Bhd.

According to Ekuinas' 2013 annual report, it holds four education entities under IEGB, namely APIIT Education Group, Cosmopoint Group, Unitar International University and APIIT Lanka, with total invested capital of RM426.8 million.

IEGB's earnings before interest, taxes, depreciation and amortisation (ebitda) dropped 18.4% to RM86.5 million in 2013 as compared with RM105.9 million a year ago, mainly due to high operating expenses.

Apart from IEGB, Ekuinas is working on Icon Offshore's plan, to be listed by end-June this year.

Abdul Rahman, however, declined to elaborate on the details of the listing plan as it is still subject to regulatory approval.

Icon Offshore Bhd, the country's third largest offshore support vessel (OSV) operator, had earlier filed a draft prospectus with the Securities Commission for a planned listing on the Main Market of Bursa Malaysia through an initial public offering of 510.767 million shares. It was speculated that Icon Offshore may fetch a market capitalisation of RM1 billion.

On the financial performance, Ekuinas recorded a gross portfolio return of RM655.9 million for tranche 1 direct fund for the financial year ended Dec 31, 2013, a net annualised internal return rate (IRR) of 20.4%. This exceeds its long term minimum and aspirational targets of 12% and 20%, respectively.

"We hope to maintain the same level of IRR this year with more than 20% although it's not easy," Abdul Rahman said.

When asked if there would be more investments this year, he noted that securing the right investment at the right price with good potential, looks challenging.

"We have a number of investments, but we need to see whether it's the right pricing and right sector, and we have to be stringent in selecting companies," Abdul Rahman said.

However Ekuinas is still hopeful it will make between RM600 million and RM650 million worth of investments this year, as compared with only RM246.5 million last year due to the challenging business environment and relatively higher asset prices.

"Over the past four years, we had invested an average of RM600 million per annum, we hope to return to that level for 2014," he said.

Speaking about investment target, Abdul Rahman said it would still be on three core sectors, namely oil and gas, education and food and beverages, which account for 81% of total direct

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investments in 2013.

"We've six target investment sectors, the sector that we haven't invested in is healthcare," he said.

Commenting on overseas investment, he said Ekuinas will not invest abroad directly, but through Malaysian companies that are going overseas.

Abdul Rahman also sees more investment targets moving forward, citing that 80% of stocks listed in Bursa Malaysia are generally mid-sized companies.

"There are opportunities in mid-sized space, but it depends on the right valuation and the potential, it's not easy," he added.

Since its inception, Ekuinas has undertaken 24 investments of about RM1.8 billion.

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