

# Ekuiinas to gain from Ilmu

Listing and outright sale among options PE firm is looking at

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**KUALA LUMPUR:** State-back private equity firm Ekuiti Nasional Bhd (Ekuiinas) is looking to realise its investment in the education group Ilmu by next year, said CEO Datuk Abdul Rahman Ahmad.

"Ilmu is entering its fifth year of investment and the asset divestment phase. Our options are open as to the exit strategy.

"We could list it on Bursa Malaysia, which is preferred by the Government, but we will also look at a strategic sale, as long as it maximises value and meets our social objectives," he told a media briefing on the group's 2013 performance yesterday.

The Ilmu group – which consists of Unitar International University, Asia Pacific Institute of Information Technology (APIIT) and Kuala Lumpur Metropolitan University College – has a student count of over 28,000 and total revenue of about RM290mil.

Ekuiinas has three core sectors, namely education, oil & gas and F&B. Its key investments in these areas are respectively Ilmu, offshore supply vessel (OSV) operator Icon Offshore Bhd and Integrated Food Group (IFG).

Icon Offshore, which plans to raise a reported RM450mil through an initial public offering in June, is Malaysia's largest pure-play OSV provider. Its 32-ship fleet is one of the youngest in South-East Asia.

IFG, meanwhile, is the third largest F&B group in the country with 173 outlets and revenue of over RM420mil.

Ekuiinas' portfolio last year saw a gross return of RM655.9mil for tranche 1 of its direct investments, translating into a net internal rate of return of 20.4%, which exceeded its long-term minimum and aspirational targeted returns of 12% and 20%, respectively.

Some 17% of the gross portfolio returns have been realised through dividend income or divestment proceeds, but the bulk of it was derived from unrealised fair value gains, or paper profits, Abdul Rahman said.

Companies under tranche 1 of its direct



Minister in the Prime Minister's Department Datuk Seri Abdul Wahid Omar (centre), Ekuiinas chairman Raja Tan Sri Arshad Raja Tun Uda (left) and Abdul Rahman at the press briefing.

investments now command sales totalling RM1.5bil, earnings before interest, taxes, depreciation, and amortisation of RM375.5mil, and a net asset value of RM1.26bil.

Ekuiinas' own profit after tax showed a 139% jump to RM14.6mil in 2013 from RM6.1mil the year before.

It has completed two divestments, raking in gross proceeds of RM409.4mil. Its sole divestment last year of a 61.6% stake in Konsortium Logistik Bhd to DRB-Hicom Bhd for RM241mil cash gave Ekuiinas a gain on disposal of RM106.4mil.

The firm booked a loss of RM38mil on its first divestment in 2012 when it disposed of 24% interest in Tanjung Offshore Bhd.

Last year, Ekuiinas made three investments involving some RM121.1mil, comprising two follow-on investments into Burger King Malaysia via IFG and APIIT Lanka, the Sri Lankan college unit of APIIT.

Ekuiinas had also ventured into food manufacturing for the first time last November when it took over Prima Baguz Sdn Bhd, a maker and distributor of premium halal meat-based products.

Abdul Rahman noted that 2013 was a quieter year for Ekuiinas in terms of investments due to escalating asset prices.

Its annual investment growth had slowed to RM246.8mil last year from RM683.1mil in 2012 and RM420.6mil in 2011.

The firm's total committed investments so far stood at RM1.8bil, resulting in total economic deployment of RM2.4bil.

Ekuiinas has received some RM2.4bil in funds as at Dec 31, 2013, or 48% of its allocation under the 9th and 10th Malaysia Plans.

In terms of its social objectives, Ekuiinas had increased the total bumiputra equity value in its portfolio companies by RM2.8bil, and total shareholder value by RM4.1bil.