

Education arm next for listing in 2015: Ekuinas

> The preferred choice to unlock value but other methods, such as strategic share sale, not ruled out

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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 preparations 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; for the food and beverage business, it may take a longer gestation period," he said.

Even though a listing is the preferred option to realise the

value of its education arm, it does not discount other methods, such as a strategic share sale, he added.

According to Ekuinas's 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 ebitda fell 18.4% to RM86.5 million in 2013 from RM105.9 million a year ago, mainly due to high operating expenses.

Apart from IEGB, Ekuinas is working on Icon Offshore Bhd'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, the country's third largest offshore support vessel operator, has 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

is speculated that Icon Offshore may fetch a market capitalisation of RM1 billion.

On 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.

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

On investment targets, Abdul Rahman said they will be still in three core sectors – oil and gas, education and food and beverage – which accounted for 81% of total direct 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 sees more investment targets moving forward, citing that 80% of stocks listed in Bursa Malaysia are generally mid-sized companies.

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