

Burger King franchise draws interest from many parties

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KUALA LUMPUR: Ekuiti Nasional Bhd (Ekuinas), which has posted gains in its funds, revealed that many parties have expressed interest to acquire its loss-making Burger King franchise despite an unsuccessful attempt to sell it earlier this year.

The government-linked private equity firm had struck a RM95mil cash deal with Brahim's Holdings Bhd over Burger King, only to see it falling through as over 90% of Brahim's shareholders unexpectedly rejected the proposal in February.

Ekuinas chief executive officer Datuk Abdul Rahman Ahmad said that the pricing of the Burger King franchise in Malaysia and Singapore, parked under Rancak Selera Sdn Bhd, should not be far off from the previous price tag.

"Many parties have expressed interest to acquire the business, and we are discussing with a few potential ones that would add more value to the well-known brandname.

"In the meantime, we are investing in terms of better management to turn around the business," he told reporters after the launch of its

financial year 2014 (FY14) results and annual report.

In 2014, Ekuinas' portfolio saw a gross return of RM677.1mil for the Tranche 1 fund of its direct investments, translating into a net internal rate of return (IRR) of 15.3%, which was higher than its minimum targeted return of 12%.

About 48% of the portfolio's gross returns were realised from its divestment in oil and gas services provider Icon Offshore Bhd, while the balance was from unrealised fair value gains of its investment and dividend income.

For Ekuinas' Tranche 2 portfolio of direct investment, the fund recorded a gross return of RM148.4mil, equivalent to a net IRR of 19.3%. Some 52% of the gross portfolio returns have been realised via divestment proceeds.

Ekuinas' profit after tax fell marginally to RM14.5mil in 2014 from RM14.6mil the year before, as the fund incurred a higher operating cost during the period.

Ekuinas' outsourced programme continued to expand in FY14, with three new investments amounting to more than RM80mil undertaken by external private equity firms, out of which Ekuinas' committed capital contribution was RM63.7mil, which included

investments in high-potential growth companies such as the REAL Education Group, Big Sdn Bhd and Mega Fortris (Malaysia) Sdn Bhd.

The private equity firm posted RM954.8mil of realised proceeds, predominantly raised from the listing of Icon.

Chairman Raja Tan Sri Arshad Raja Tun Uda said that despite 2014 being a challenging year, especially for those in the energy sector, the firm still had another extremely productive year.

"It has enabled the maiden distribution of Ekuinas' gains to benefit the wider bumiputra community," he said.

Ekuinas has committed to distributing RM500mil of its portfolio returns to Yayasan Pelaburan Bumiputra (YPB) for the benefit of bumiputra unitholders of trust funds managed by Permodalan Nasional Bhd, out of which RM200mil of the committed amount had been disbursed to YPB at the end of last year.

Going forward, Abdul Rahman said it would be increasingly important for Ekuinas to realise its initiatives to maintain fund performance.

"We must intensify our rigorous efforts in identifying high-potential companies, while at the same time, building capabilities and trans-

formative value in our portfolio companies," he said, adding that it was looking to venture into healthcare.

He said Ekuinas was committed to making further capital investments of around RM500mil to RM600mil this year.

Abdul Rahman said Ilmu Education Group Bhd would be next in line for the firm to realise value creation, most likely through a listing or sale of a strategic stake.

"If we decide to list, it is expected to be towards the year-end or the beginning of 2016," he said.

The firm's education arm includes Asia Pacific Smart School and Asia Pacific International School in Subang, Selangor, Unitar International University, Asia Pacific Institute of Information Technology, Kuala Lumpur Metropolitan University College and Tenby Educare Sdn Bhd.

Collectively, they chalked up a total of RM55.7mil in earnings before interest, taxes, depreciation and amortisation on RM330mil of revenue.

Abdul Rahman added that the firm was currently scaling up its integrated food group, a necessary process in creating more value to attract investors.