

PRESS RELEASE
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EKUINAS RESTRUCTURES O&G PORTFOLIO TO FACILITATE CREATION OF PREMIER OIL & GAS CONGLOMERATE

Key Highlights: -

- Ekuinas is divesting its 42.3% stake in Icon Offshore Berhad (ICON) to UMW Oil & Gas Corporation Berhad (UMW-OG) at RM0.50 per share in exchange for new issuance of UMW-OG shares at RM0.80 per share, after which Ekuinas will have 12.6% equity in UMW-OG.
- Ekuinas is also divesting its 95.5% stake in the other Oil & Gas portfolio company, Orkim Sdn Bhd (Orkim) to UMW-OG for a total cash consideration of RM472.7 million excluding settlement of shareholders' advance of up to RM80.0 million.
- The combined sale of ICON and Orkim to UMW-OG enables Ekuinas to have a longer time horizon to crystallise its investment in the Oil & Gas sector, which is expected to recover soon, via the 12.6% equity interest in the enlarged UMW-OG, an existing market leader and now an integrated services provider in the Oil & Gas value chain.

KUALA LUMPUR, 19 January 2017: Ekuiti Nasional Berhad (Ekuinas), the government-linked private equity fund management company, today announced the divestment of its entire equity interest of 42.3% and 95.5% in Icon Offshore Berhad (ICON) and Orkim Sdn Bhd (Orkim) respectively to leading local oil drilling company, UMW Oil & Gas Corporation Berhad (UMW-OG). This transaction will enable the company to restructure its Oil & Gas (O&G) portfolio to emerge as the second largest shareholder of the enlarged group comprising ICON, Orkim and UMW-OG (Merged Entity) at 12.6% equity interest, second only to Permodalan Nasional Berhad (PNB) and funds under its management.

Ekuinas signed a share sale agreement to divest its entire equity interest in ICON to UMW-OG at RM0.50 per share in exchange for the issuance of new UMW-OG shares at RM0.80 per share. At the same time, Ekuinas is also exiting from its other O&G portfolio company, Orkim, the largest clean petroleum product (CPP) tanker owner and operator in the country, selling its entire stake of 95.5% to UMW-OG.

Upon completion of the consolidation exercise, the Merged Entity will embark on a recapitalisation exercise via a rights issue of approximately RM1.8 billion in which Ekuinas

will undertake an investment of up to RM550 million comprising its entitlement and application of excess rights shares.

ICON was established in 2012 when Ekuinas merged two offshore support vessels (OSV) companies under its portfolio, Tanjung Kapal Services Sdn Bhd and OMNI Petromaritime Sdn Bhd, to create the the largest pure play owner and operator of OSV in Malaysia and thereafter facilitated the company's listing on Bursa Malaysia in June 2014.

Via this transaction, Ekuinas is able to not only ensure the continual growth of ICON's business under UMW-OG, a market leader with a strong reputation in Malaysia and South East Asia, but also provides Ekuinas with the opportunity to invest in the enlarged company at an attractive valuation.

Orkim, one of the leading CPP tanker operators in Malaysia and Singapore with 14 CPP tankers and two liquefied petroleum gas (LPG) tankers, has a strong operational track record and its stable business will be able to generate consistent cash flow for the new Merged Entity.

Upon completion of the transaction, the Merged Entity will emerge as one of the country's largest integrated O&G service providers, well positioned to seize opportunities in the recovery of the sector with the support of two strategic shareholders strongly committed to the business.

The divestment of both its O&G entities to UMW-OG is a strong exit for Ekuinas. Upon completion of the sale of its equity holdings in ICON, Ekuinas expects to generate a positive IRR of 26.5% while for the sale of its stake in Orkim, it expects to generate a positive IRR of 16.1% and money multiple of 1.5 times of the capital invested by Ekuinas.

Ekuinas Chief Executive Officer, Syed Yasir Arafat Syed Abd Kadir, said, "These transactions are in line with Ekuinas' strategy to actively participate in and drive industry consolidation, in response to the national oil company's call to industry players. The enlarged UMW-OG with the addition of ICON's and Orkim's assets will emerge as a leading

integrated service provider across the O&G value chain and able to benefit from the expected recovery of the sector.”

“For Ekuinas, we are pleased that we are able to ensure our two portfolio companies will have a new strategic owner with the capabilities to secure sustainability and growth for both businesses.”

“The divestments of ICON and Orkim are conducted in keeping with Ekuinas’ prudent investment strategy to ensure positive IRR returns in addition to ensuring the realisation of Ekuinas Direct (Tranche I) Fund is done within the required timeline.”

With these transactions, Ekuinas has undertaken eight divestments since inception bringing total realisation proceeds close to RM2 billion. Ekuinas will continue to focus on crystallising assets under its Ekuinas Direct (Tranche I) Fund, as the Company is looking to close its first fund by end 2017.

In 2015, Ekuinas maintained its IRR above the minimum target of 12% per annum for the sixth consecutive year. The Ekuinas Direct (Tranche I) Fund recorded a Gross Portfolio Return of RM591.3 million for a gross IRR of 14.8% p.a., while its second fund, Ekuinas Direct (Tranche II) Fund posted a Gross Portfolio Return of RM133.3 million at a gross annualised IRR of 13.0%. Its third tranche and the biggest of all Ekuinas’ five funds with a total capital commitment of RM1.5 billion, has had an encouraging start with 15.3% or RM229.8 million committed in FY2015.

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About Ekuinas

Ekuiti Nasional Berhad (Ekuinas) is a government-linked private equity fund management company established on 1 September 2009. With the government endowment of RM5 billion, Ekuinas aims to create Malaysia’s next generation of leading companies whilst promoting equitable, effective and sustainable Bumiputera economic participation. To date, Ekuinas has undertaken investments in high potential Malaysian companies involved in Ekuinas’ core target sectors namely fast moving consumer goods, oil & gas, logistics, education, retail and healthcare.

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