

PRESS RELEASE
15 May 2018

EKUINAS DELIVERS STRONG PERFORMANCE AMIDST CHALLENGING ENVIRONMENT

MAIDEN EKUINAS DIRECT (TRANCHE I) FUND OUTPERFORMS REGIONAL PEERS

Key Highlights: -

- Ekuinas Direct (Tranche I) Fund, otherwise known as Fund I, reached full deployment with the realisation of its assets, recorded a **Gross Portfolio Return of RM476.7 million**, translating to annualised **gross Internal Rate of Return (IRR) of 10.1 per cent** and **net IRR of 6.5 per cent**, outperforming some of its regional peers of similar vintage.
- Meanwhile, Ekuinas Direct (Tranche II) Fund or Fund II, recorded a **Gross Portfolio Return of RM391.7 million**, achieving **annualised gross IRR and net IRR of 14.6 per cent and 10.2 per cent**, respectively. At the same time, Ekuinas Direct (Tranche III) Fund or Fund III recorded **Gross Portfolio Return of RM53.9 million** with an **annualised gross IRR of 10.7 per cent**.
- 2017 also saw Ekuinas' maiden foray into the manufacturing sector with the acquisition of Davex (Malaysia) Sdn Bhd, a homegrown market leader in solution lighting design, consultant and manufacturer of luminaires. This marks the diversification of the Company's investment portfolio beyond the initial six (6) target sectors.
- The Bumiputera equity ownership has seen an increase to RM4.4 billion or 1.5 times Ekuinas' invested capital, as well as an increase in total shareholders' value of RM6.3 billion or 2.2 times the total invested capital.

KUALA LUMPUR, 15 MAY 2018: Ekuiti Nasional Berhad (Ekuinas) today announced the results of its financial year ended 31 December 2017 (FY2017), maintaining its eighth (8th) consecutive year of performance. 2017 features several key milestones for Ekuinas, specifically the closure of its maiden fund, **Ekuinas Direct (Tranche I) Fund** (otherwise known as **Fund I**) and the realisation of its assets. Fund I recorded a Gross Portfolio Return of RM476.7 million, translating to annualised gross Internal Rate of Return (IRR) of 10.1 per cent and net IRR of 6.5 per cent. Ekuinas' maiden fund has outperformed both public and private equity (PE) asset classes based on the benchmarking methods by Centre of Asia Private Equity Research Ltd (CAPER), a Hong Kong-based independent, leading body specialising in the Asian PE industry.

Meanwhile, **Ekuias Direct (Tranche II) Fund** or **Fund II**, recorded a Gross Portfolio Return RM391.7 million, achieving annualised gross IRR and net IRR of 14.6 per cent and 10.2 per cent, respectively. At the same time, the **Ekuias Direct (Tranche III) Fund** or **Fund III** recorded Gross Portfolio Return of RM53.9 million with an annualised gross IRR of 10.7 per cent.

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda, Chairman of Ekuinas remarked, "Ekuias' value and aspirations are benchmarked against global standards and international best practices. The achievements to-date are a clear indication that its unique PE model has indeed been successful in raising the game for local businesses and in increasing Bumiputera economic participation through Ekuinas' Bumiputera equity ownership which increased to RM4.4 billion or 1.5 times Ekuinas' invested capital, as well as an increase in total shareholders' value of RM6.3 billion or 2.2 times the total invested capital."

Amongst the other highlights is the increase in the number of direct and outsourced investments from a total of 53 in FY2016 to 58 in FY2017 and a total committed investment of RM3.6 billion compared to RM3.0 billion in 2016. Apart from the funds performances, Ekuinas has also generated a positive impact on the broader Malaysian economy, which facilitated a total economic deployment of RM4.3 billion together with private sector partners.

Given the diversity of investment sectors, the financial performance of Ekuinas' portfolio companies were mixed, with companies such as Al-Ikhsan Sports and Orkim Sdn Bhd having registered strong performances for the year, while companies within the Oil and Gas (O&G) as well as food and beverage (F&B) sectors showed weaker performance due to the market forces amid the challenging landscape. However, Ekuinas is confident with the recovery of these industries and will continue to support as well as build these businesses to become robust and demonstrate growth.

Syed Yasir Arafat Syed Abd Kadir, Chief Executive Officer of Ekuinas said, “2017 was a particularly challenging year for the PE space. Amid geopolitical tensions and volatility in the O&G industry, the market remained generally sombre. However, I am pleased to share that against this backdrop, Ekuinas persisted and has delivered. To date, Ekuinas has recorded a total realisation proceeds amounting to RM2.3 billion from divestment activities, dividend income and interest income. Our value creation efforts are where Ekuinas continues to strive as we focus on delivering our mandate to catalyse the country’s economy through scaling businesses and building regional champions.”

2017 also saw Ekuinas’ maiden foray into the manufacturing sector with the acquisition of Davex (Malaysia) Sdn Bhd, a homegrown market leader in solution lighting design, consultant and manufacturer of luminaires. This marks the diversification of the Company’s investment portfolio beyond the initial six (6) target sectors i.e. education, fast moving consumer goods (FMCG), O&G, retail, healthcare, and services. Ekuinas’ decision to diversify its portfolio showcases the Company’s strategy to combat risks and challenges in the market as well as boosting Ekuinas’ returns. In addition, the Company’s strategy to crystallise returns include the divestment of APIIT Education Group and Tenby Education Group.

Ekuinas foresees 2018 to be another challenging year for the market which may impact Ekuinas’ portfolio companies due to internal and external factors such as changes in the global economic and business landscape brought on by the surge in mega funds from the developed countries, Industrial Revolution 4.0 and the disruptive technology. In light of the rapid changes in business environment, Ekuinas has taken numerous steps to future proof its portfolio companies in order to create sustainable wealth through investments for the country as well as fulfilling its social objectives. Further, Ekuinas will leverage on its expertise to nurture high-potentials to ensure it remains competitive regionally, if not globally. This will put Malaysia on the map as a hub for successful homegrown businesses and talent.

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About Ekuinas

Ekuinas (Ekuiti Nasional Berhad) 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 education, fast moving consumer goods, oil and gas, retail, healthcare, and services.

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