

Ekuiinas would gain RM284mil if it were to sell Icon stake

> FROM PAGE 1

a 22.3% decline year to date and some 69% drop from its initial public offering price of RM1.85.

At the share price Icon was trading, its PE ratio stood at a mere 5.37 times multiple of 2015 earnings and a market capitalisation of RM677mil.

On Ekuiinas' immediate plan for Icon, Abdul Rahman said the government-linked private equity fund would lend its support to the current management of Icon, which is now led by deputy CEO Capt Hassan Ali.

"Our role is to assist Icon's current management such as providing the necessary resources to ensure the company continues to grow, especially in this current challenging period for the O&G sector," he said.

Before the MACC probe became public, Icon's strategy was to grow in the region and was open for potential acquisitions. This was also in line with Ekuiinas strategy of creating value from undervalued companies.

Abdul Rahman explained that Ekuiinas' strategy had always been buying a few private companies and consolidating them to create market leaders.

This strategy was how Icon came about. Ekuiinas put together Icon by merging Tanjung Offshore Bhd's offshore support vessel (OSV) business - Tanjung Kapal Services Sdn Bhd - with Omni Petromaritime Sdn Bhd back in November 2012.

Ekuiinas bought Omni for RM220.9mil and Tanjung Offshore's marine vessel arm for RM220mil cash.

Ekuiinas floated Icon on Bursa Malaysia in June last year and reaped total proceeds of RM545.4mil which gave it a gross internal rate of return of 68% per annum.

Should Ekuiinas decide to divest its entire 42.3% stake in Icon today, the fund would be pocketing some RM283.8mil, which is still a good return compared to its initial investment.

However, this amount is significantly low compared to about RM921.2mil proceeds it could gain if it has sold its 42.3% stake last year when oil and gas stocks commanded higher valuations.

Icon owns and operates 34 OSVs, which makes the company the largest pure-play OSV provider in Malaysia and one of the largest in South-East Asia by fleet size. Icon is currently operating in Malaysia, Thailand and Qatar.

According to Ekuiinas' 2014 annual report, the O&G sector represents more than 43% of its total investment portfolio. Apart from Icon, Ekuiinas also has exposure to the sector through Orkim Sdn Bhd, a clean petroleum product (CPP) tanker company that it acquired last year. Ekuiinas bought a 95.5% stake for RM346.3mil.

Orkim currently transports CPP from refineries to various oil storage terminals with a market share of 30% in Malaysia. Its customers include Petronas and Shell.

On a possible consolidation of Ekuiinas' oil and gas businesses under Icon, Abdul Rahman said the fund had no plans yet to inject Orkim into Icon for now.

He said its objective now was to grow Orkim's business.



Ekuiinas stays in Icon

Fund to continue backing plans to grow O&G firm's business regionally

By INTAN FARHANA ZAINUL
intanzainul@thestar.com.my

KUALA LUMPUR: Ekuiti Nasional Bhd (Ekuiinas) has dismissed any notion of it wanting to exit Icon Offshore Bhd, an oil and gas (O&G) service provider that is under probe for alleged corrupt practices.

Ekuiinas which has a 42.3% stake in Icon, would continue with its support of the current management of Icon that plans to grow the business regionally.

"We believe in the long-term value of Icon. It doesn't make sense for us to sell our investments at low prices because we are here to maximise our value," CEO Datuk Abdul Rahman Ahmad (*inset pic*) told *StarBiz* at the sidelines after Ekuiinas' 2014 results announcement on Thursday.

"We hope we can go through this tough period by maintaining our utilisation of (Icon) and push forward our strategy to build Icon to grow internationally," he said.

Icon's share price had taken a beating the

last two weeks to trade at its new low of 57 sen last Wednesday, after the Malaysian Anti-Corruption Commission (MACC) detained the company's two top executives last week to assist in investigations.

Subsequently, Icon has given a six-month leave of absence to the two key executives, who are siblings, to enable them to focus on assisting investigations by the MACC.

The counter closed at 57.5 sen last Thursday,

> TURN TO PAGE 2