

EkuiNAS makes largest investment in manufacturing

EKUINAS Nasional Bhd has acquired a 100% stake in homegrown lighting manufacturer Davex (M) Sdn Bhd for RM255 million, marking it the largest investment in the manufacturing sector so far.

To date, Ekuinas has made 54 direct and outsourced investments, with a total committed capital of over RM3 billion.

The novel venture into the sector is part of the private equity's effort to diversify its portfolio into areas that are new to the fund.

Ekuinas' first two direct fund tranches worth RM2 billion were largely invested in companies in the consumer goods, oil and gas, logistics, education, retail and healthcare sectors.

Its third tranche fund, launched in 2014, has a fund size of RM1.5 billion ready to be deployed.

Ekuinas chairman Raja Tan Sri Arshad Raja Tun Uda said the investment is "timely" as the demand for luminaries, especially energy efficient models, is rapidly increasing.



Pic by Afif Abd Halim

Arshad says the investment is 'timely' as the demand for luminaries is rapidly increasing

"The region's economic growth track will spur demand from property and infrastructure developers, combined with the Malaysian luminaire market which is expected to grow to US\$882 million (RM3.6 billion) by 2020.

"Innovation in energy efficiency will push developers to adopt energy efficient lighting solutions for regional

major developments, which are projected to drive demand for light fittings," Arshad said in a statement yesterday.

Meanwhile, Ekuinas CEO Syed Yasir Arafat Syed Abd Kadir said the fund has put in a value creation plan for Davex which will include expanding its top-line growth, increasing its presence in Malaysia and the region, as well as streamlining its systems and process integration.

"We will work closely with Davex's management team to establish and accelerate local and regional growth to replicate the company's success in Singapore and Australia, and look to expand its facility in Penang.

"We are confident that as the company grows, there will also be increased employment opportunities for all Malaysians," he said.

Davex is one of the industry heavyweights in the region with a strong presence in Singapore and Australia, in addition to the domestic market.

The Penang-based company has delivered products for large-scale projects such as the Petronas Twin Towers, Sunway Medical Centre and Singapore's Changi Airport.

Davex group MD Yap Chung San said the acquisition by Ekuinas is a defining milestone for the company as it will propel the company to grow further.

"We look forward to working with Ekuinas to take Davex to the next phase. With their expertise and track record of growing companies in Malaysia, we are confident Davex is in good hands," Yap said.

The Ekuinas Direct (Tranche I) Fund recorded a gross portfolio return of RM466.4 million, at a gross annualised internal rate of return (IRR) of 13.1% and a net annualised IRR of 9.4%.

The second fund, Ekuinas Direct (Tranche II) Fund, posted a gross portfolio return of RM331.6 million at a gross annualised IRR of 18.1% and a net annualised IRR of 12.7%. — *by ALIFAH ZAINUDDIN*