

# Ekuiinas to acquire design and engineering firm

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**KUALA LUMPUR** — Government-linked private equity fund management company Ekuiti Nasional Bhd (Ekuiinas) is in the final stages of acquiring a design and engineering company, and hopes to seal the deal in the next four months.

“We like this company due to its regional presence, as well as its position as a market leader in certain geographies. We hope to announce something in the next three to four months,” chief executive officer Syed Yasir Arafat Syed Abd Kadir told reporters after announcing the Ekuiinas’ financial performance for 2016 here yesterday.

He noted that the target investee company is not oil and gas related, adding that it is a foray into the design and engineering services sub-sector for Ekuiinas.

“We have passed the due diligence stage and are moving towards the second phase which is to nail down the sale and purchase agreement. The valuations are more or less finalised,” Syed Yasir said.

In 2016, Ekuiinas’ existing portfolio companies collectively generated more than RM1.6 billion in revenue and RM392.3 million in earnings before interest, tax, depreciation

and amortisation.

Ekuiinas announced its 2016 performance figures yesterday, and for the seventh year running, succeeded in maintaining its internal rate of return (IRR) above the minimum target of 12%.

Ekuiinas Direct (Tranche I) Fund recorded a gross portfolio return of RM466.4 million and Ekuiinas Direct (Tranche II) Fund posted a gross portfolio return of RM331.6 million.

Chairman Raja Tan Sri Arshad Raja Uda said: “In 2016, Ekuiinas committed a total of RM172.6 million in seven direct and outsourced investments,

including two direct investments with a total committed capital of RM123.2 million.

“Ekuiinas Direct (Tranche I) Fund recorded a gross annualised IRR of 13.1% and a net annualised IRR of 9.4%. At the same time, Ekuiinas Direct (Tranche II) posted a gross net annualised IRR of 18.1% and a net annualised IRR of 12.7%.

“Ekuiinas Outsourced (Tranche I) Fund posted a gross portfolio return of RM120.7 million, which translates to an annualised gross IRR of 9.8% and a net IRR of 8.7%,” he noted.

The fund manager’s outsourced programme also experienced a significant expansion with five new investments undertaken by external private equity firms at RM80.6 million, of which Ekuiinas’ committed capital is RM49.4 million. These include investments in the retail, fast moving consumer goods, manufacturing, and services sectors.

Last year also saw Ekuiinas exiting its maiden investment in Alliance Cosmetics Group, which generated gross proceeds of RM61.8 million with an IRR of 9% and money multiple of 1.5 times the capital invested.

In terms of its social objectives, Ekuiinas has successfully increased bumiputera equity value by RM3.9 billion, or 1.4 times the total capital invested. Simultaneously, total shareholders’ value for all portfolio companies increased by RM5.6 billion, equivalent to two times the invested capital.

Through its portfolio companies, Ekuiinas provided job opportunities to 498 managers and 16,038 employees as at end-2016, of which 40.4% and 60.3% respectively are bumiputera. These represent increases of 16.9% and 29.7% for bumiputera managers and employees respectively since Ekuiinas’ entry.



From left: Arshad, Minister in the Prime Minister’s Department Datuk Seri Abdul Rahman Dahlan, and Syed Yasir leafing through the Ekuiinas 2016 annual report yesterday. — Picture by Razak Ghazali