

No rush to sell O&G assets, says Ekuinas

BY ADAM AZIZ

KUALA LUMPUR: Ekuiti Nasional Bhd (Ekuinas) is in no rush to crystallise its investment in the oil and gas (O&G) sector, said chief executive officer Syed Yasir Arafat Syed Abdul Karim, after UMW Oil & Gas Corp Bhd (UMW-OG) called off its plan to acquire a majority stake in Orkim Sdn Bhd and Icon Offshore Bhd.

On May 4, UMW-OG announced it had abandoned plans to acquire a 95.5% stake in Orkim and a 42.3% stake in Icon Offshore from Ekuinas, citing “significant capital requirements” as one of the reasons.

Syed Yasir Arafat said the government-linked private equity fund manager will be “very careful” when evaluating opportunities to divest its O&G entities. “If you look at Icon, we effectively crystallised part of our investment at the peak of the O&G industry. Since then, oil prices have weakened and the opportunity to crystallise [our investment] needs to be looked at very carefully,” he told a news conference to announce Ekuinas’ results for the financial year ended Dec 31, 2016 last Tuesday.

Syed Yasir Arafat was referring to Icon’s initial public offering in June 2014, where it generated a total gross proceeds of RM545.4 million and a realised gain of RM332.7 million across two funds. Icon is the result of a merger between Tanjung Kapal Services Sdn Bhd and Omni Petro-Maritime Sdn Bhd, in which Ekuinas

had invested in 2010 and 2012 respectively.

“For Icon, we clearly have plan A, B and C. Ultimately, we will continue to support whatever plan Icon and Orkim have going forward,” he said, adding that Ekuinas’ direct investments are usually held for between three and five years.

The proposed acquisitions with UMW-OG would have provided the company with RM472.7 million cash for its 95.5% stake in Orkim, and another RM248.88 million in new UMW-OG shares for its 42.3% stake in Icon. It would also leave Ekuinas without exposure in the O&G sector from the current 41%. While other investment companies have gradually pared off their O&G exposure after the extended fluctuation in oil prices, Ekuinas upped its capital in Icon by over RM54 million in May last year —which Syed Yasir Arafat said “should not be looked at negatively”.

“With regard to our recent follow-on investments in Icon, I think it is testimony to the fact that we will continue to support our portfolio companies to navigate through these challenging times,” he added.

Syed Yasir Arafat is of the view that Ekuinas still has time to properly monetise its O&G assets despite the recent failed disposal to UMW-OG.

“I don’t think we are late in the game. We still aim to maximise value in the companies that we have invested in. We should not brush off the O&G sector as a whole.”