

EkuiNAS delivers success for Government's PE approach

KUALA LUMPUR: Ekuiti Nasional Bhd (EkuiNAS) has proven itself to be an integral part and the driving force that turns the wheels of the growth engine in the Bumiputera's and the country's economy as a whole.

As at end of last year, EkuiNAS has increased the total Bumiputera equity value in its portfolio companies by RM3.9 billion, 1.4 times capital invested. The total shareholders' value for all portfolio companies stood at RM5.6 billion, two times capital invested.

The private equity firm owned by the government had undertaken a total of 53 investments in its investment portfolio across both direct investment and outsourced programme since inception with a total commitment value of RM3 billion.

As at its financial year 2016, EkuiNAS' portfolio companies employed a total of 498 managers and 16,038 personnel, out of which Bumiputera accounted for 40.4 per cent and 60.3 per cent, respectively. This is an increase of 16.9 per cent Bumiputera managers and 29.7 per cent Bumiputera employees since EkuiNAS' entry.

Moving forward, Minister in

the Prime Minister's Department Datuk Seri Abdul Rahman Dahlan said EkuiNAS is aiming to maintain track record of achieving a minimum target of 12 per cent internal rate of return (IRR) as well as continue empowering Malaysian mid-sized companies and transforming them into market leaders.

EkuiNAS' inception began with the intention to support the development and growth of high potential businesses in the country.

Rahman said the government established EkuiNAS as an institution which would adopt the private equity approach as one of the new innovative instruments of the New Economic Model (NEM).

The government wants to build a new economic model that is more dependent on innovation and productivity. It actively encourages the development of private equity and venture capital, aiming it to become the next engine of economic growth that will take Malaysia into the ranks of high income nations.

While the private equity industry in Malaysia is still considered at a nascent stage, the government expects this sector to become more prominent and

crucial as the country adapts to new realities in the market.

Rahman said for EkuiNAS, its investments are undertaken in a market-friendly, merit-based and transparent manner with the aim of achieving a more inclusive economy for all Malaysians.

When it was first established, it was highlighted that EkuiNAS would be commercially driven, utilising both public as well as private capital to invest in meaningful stakes in entities with strong potential for growth.

To avoid overlapping of roles between government agencies, Rahman said EkuiNAS focuses on mid-sized, more established growth Malaysian companies with strong track records and looking for next stage expansion, as well as enhance the quality of management.

"EkuiNAS' investment strategy is to transform and grow those companies into sizeable market leaders and profitable investments, after which EkuiNAS will exit.

"The investment decisions and selection of management by EkuiNAS will be based on merit. EkuiNAS will build on success, supporting entrepreneurs with a proven track record," he said.

EkuiNAS will also build up companies through putting in place value creation plans, he added.

EkuiNAS' operating model consists of all the important functions which form the foundation of the business. Key policies were developed with the aim of ensuring a private equity practice that is on par with global standards and best practices.

These policies include the company's direct and outsourced investments and respective frameworks and guidelines. Others include established business areas such as governance, disclosure, treasury, human resources, stakeholder management and communications.

EkuiNAS may consider investments from all sectors but six target sectors have been identified namely oil and gas, education, fast moving consumer goods (FMCG), retail and leisure including food and beverage, healthcare and services.

It will not invest in gaming, liquor, hedge funds, derivatives or commodities, property and construction.



Datuk Seri Abdul Rahman Dahlan
Prime Minister's Department

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