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BY ADAM AZIZ

KUALA LUMPUR: Ekuiti Nasional Bhd (Ekuinas), a government-linked private equity fund, has disposed of its entire stake in APIIT Education Group (APIIT Group) for an enterprise value of RM725 million.

In a statement yesterday, Ekuinas said the new owners of APIIT Group are joint-venture (JV) vehicles owned by the existing key management team of APIIT Group and KV Asia Capital — a private equity firm that invests in mid-sized companies in Southeast Asia.

Ekuinas chief executive officer Syed Yasir Arafat Syed Abd Kadir said the divestment will allow Ekuinas to recoup its cost of investment and generate a net internal rate of return of 22.3% and money multiple of 1.6 times the capital invested, including dividends received.

It also believes it has found the right home for APIIT Group

to steer its institutions towards continued success.

“KV Asia Capital, with its team of reputable and experienced managers, have managed, led, and developed businesses across Asia. This will introduce new skills and experience to the group to complement the expertise of the existing key management team, ensuring a smooth transition and business continuity for the group with minimal disruption to the students’ learning,” he added.

“We are divesting our stake to the new owners which include the existing key management team of APIIT Group that has a combined experience of more than 100 years in the industry. With that, it will ensure the interest to continue providing quality education is constantly aligned,” Ekuinas chairman Raja Tan Sri Arshad Raja Tun Uda said.

APIIT Group comprises the Asia Pacific Schools (APS), Asia Pacific University of Technology & Inno-

vation (APU) and Asia Pacific Institute of Information Technology (APIIT).

Ekuinas ventured into the education sector through its investment in APIIT Group in February 2011, when it bought a 51% stake for RM102 million from Sapura Resources Bhd. In March 2016, the private equity fund acquired the remaining 49% in APIIT Group from Sapura Resources for RM246.98 million cash. This brings its total acquisition cost to RM348.98 million.

Ekuinas said throughout the investment period, it had increased the total number of students at the three institutions from 7,700 in 2010 to over 10,000 in 2016. Last year, APU launched its state-of-the-art campus at the Technology Park Malaysia.

A check with the Companies Commission of Malaysia by *The Edge Financial Daily* showed that all three institutions were profitable in financial years ended Dec 31, 2015 and 2016 (FY15

and FY16 respectively).

In FY16, APS’ net profit climbed 33.27% to RM10.04 million from FY15, while revenue grew 17.64% to RM34.89 million. APU saw its net profits rise 12.39% year-on-year (y-o-y) to RM27.39 million on the back of a 7.08% increase in revenue to RM99.64 million.

APIIT booked a net profit of RM147.17 million in FY16, up 20.4% from FY15, while revenue was lower at RM33.29 million. However, after discarding a net dividend payment of RM138.8 million, APIIT’s net profit was 0.96% lower y-o-y at RM8.37 million. It is unclear where the monies for the dividend payout were derived from.

In August last year, *The Edge Malaysia* weekly reported that Ekuinas was seeking a buyer for the institutions under its investment unit ILMU Education Group Sdn Bhd. It was reportedly planning to shut down ILMU by the end of 2017, after the sale of its education assets.

This follows the company’s decision to shelve plans to list ILMU after finding that the sum-of-parts valuation of the group was greater than its entire value.

According to Ekuinas’ 2016 annual report, ILMU’s revenue for FY16 grew 3.7% y-o-y to RM421.3 million, while earnings before interest, taxes, depreciation and amortisation rose 4.2% y-o-y to RM110.9 million. Total student count, however, declined 6.4% y-o-y to 32,506, partly attributed to the closing down of the Kuala Lumpur Metropolitan University (KLMU).

With APIIT Group’s divestment, ILMU is now left with four education brands, including Unitar International University, Cosmopoint College, Kuala Lumpur Metropolitan University College — also parked under Cosmopoint — and Tenby Educare Sdn Bhd, which in total cost Ekuinas RM229.8 million to acquire, inclusive of the now-defunct KLMU.