

# EkuiNAS records RM2.3b realised proceeds to date

BY SYAHIRAH SYED JAAFAR

KUALA LUMPUR: Ekuiti Nasional Bhd (EkuiNAS) foresees 2018 to be another challenging year for the market, which may impact its portfolio companies, due to internal and external factors like changes in the global economic and business landscape.

EkuiNAS chief executive officer (CEO) Syed Yasir Arafat Syed Abd Kadir said this after describing 2017 as a particularly challenging year for the private equity space, amid geopolitical tensions and volatility in the oil and gas (O&G) industry, which was reflected in a sombre market.

The government-linked private equity firm have recorded total realised proceeds of RM2.3 billion to date, derived from divestment activities, dividend income and interest income.

“The financial performance of EkuiNAS’ portfolio companies was mixed, with companies such as Al-Ikhsan Sports and Orkim Sdn Bhd registering strong performances in FY17 (financial year 2017), while

companies within the O&G as well as the food and beverage sectors showed weaker performances due to market forces,” Syed Yasir Arafat said yesterday at a briefing on the group’s performance for FY17 ended Dec 31, 2017.

The number of direct and outsourced investments also grew from 53 in FY16 to 58 in FY17 (35 direct and 23 outsourced), with a total committed investment of RM3.6 billion compared with RM3 billion in 2016.

Bumiputera equity ownership grew to RM4.4 billion or 1.5 times EkuiNAS’ invested capital, while total shareholder value grew to RM6.3 billion or 2.2 times total invested capital, it said.

Additionally, EkuiNAS said FY17 saw the closure of its maiden fund, the EkuiNAS Direct (Tranche 1) Fund or Fund 1, which had reached full deployment with assets realised and recorded a gross portfolio return of RM476.7 million, translating into an annualised gross internal rate of return (IRR) of 10.1% and a net IRR of 6.5%.



Syed Yasir Arafat describes 2017 as a particularly challenging year for the private equity space. **Photo by Kenny Yap**

With the closure of Tranche 1, EkuiNAS transferred four portfolio companies from Fund 1 to Fund 3 (Tranche 3), namely Cosmopoint Group, Icon Offshore Bhd, Revenue Valley Group and Unitar International University.

“We plan to restructure some of the portfolios that we have trans-

ferred. By transferring to Fund 3, it gives us more time to provide overall operational as well as strategic improvement to the companies we have invested in,” Syed Yasir Arafat said.

## Restructuring Icon Offshore's balance sheet

Syed Yasir Arafat added that the firm is looking to restructure the balance sheet of Icon Offshore, and that the sale of some vessels would be considered under the restructuring plan.

“We are exploring all angles. We also need to look at the market itself, and whether it’s the right time to sell the vessels. Clearly, the best option is to dispose of some [vessels], but the market is also very depressed currently. So, we are looking at all options to strengthen the balance sheet to ensure it’s on a stronger footing,” he said.

On changes the new government would bring, Syed Yasir Arafat said it was too soon to tell as EkuiNAS waited for new developments, but noted that the market has done well so far in adapting to the regime change.