

Ekuiinas remains focused on its investment portfolio, says CEO

The PE firm will continue with its investment activity to build new leading companies

by RAHIMI YUNUS

EKUITI Nasional Bhd (Ekuiinas), the government-owned private-equity (PE) firm, will continue with its investment activity to build new leading companies and Bumiputera economic participation under the new government.

CEO Syed Yasir Arafat Syed Abd Kadir is confident that the new leadership in Putrajaya will support a business-friendly environment.

"From our perspective as professionals, we continue to do what we are supposed to do and would like to see that continue," Syed Yasir Arafat said at the company's 2017 performance briefing in Kuala Lumpur yesterday.

He said the early measures taken thus far have generally proven to be positive and financial markets have responded well to the proposed changes.

"I think right steps are being taken to ensure the strengthening of the overall economy. The new government has very experienced people who have steered the course of the



Raja Arshad (left) with Syed Yasir Arafat during Ekuiinas' 2017 performance briefing in Kuala Lumpur yesterday. Syed Yasir Arafat is confident that the new leadership in Putrajaya will support a business-friendly environment

nation," he added.

To date, Ekuiinas has recorded total realisation proceeds of RM2.3 billion from divestment activities, dividend income and interest income.

The PE firm noted that the Bumiputera equity value has increased to RM4.4 billion, or 1.5 times Ekuiinas' invested capital, with an increase in total shareholders' value of RM6.3

billion, or 2.2 times the total invested capital.

In 2017, Ekuiinas Direct Tranche I Fund, or known as Fund I, recorded a gross portfolio return of RM476.7 million, translating into an annualised gross internal rate of return (IRR) of 10.1% and net IRR of 6.5%.

Fund I outperformed both public and PE asset classes of similar vin-

tage based on a benchmarking methods by the Hong Kong-based Centre for Asia Private Equity Research Ltd.

Fund I, the maiden fund of the PE firm since its establishment in 2009, has been closed after divestment of its assets.

Its Fund II recorded a gross portfolio return of RM391.7 million, achieving an annualised gross IRR and net

IRR of 14.6% and 10.2% respectively.

Fund III registered a gross portfolio return of RM53.9 million with an annualised gross IRR of 10.7% last year.

Ekuiinas expects to invest RM400 million this year, with more than half of that has been used, according to chairman Raja Tan Sri Arshad Raja Uda.

Its core portfolio is in six sectors — namely education, fast-moving consumer goods, oil and gas, retail, healthcare and services.

It made an initial foray into manufacturing last year with the acquisition of lighting solution provider and manufacturer Davex (M) Sdn Bhd.

Ekuiinas also invested RM330 million to buy a controlling stake in components manufacturer Flexi Versa Group Sdn Bhd recently.

In 2018, Ekuiinas foresees the market to be challenging due to changes in the global economic and business landscape brought on by the surge in mega funds from developed countries, Industry 4.0 and disruptive technology.

The PE firm remains upbeat on the equity market and aspires to continue creating value for Malaysian high potential companies.

Some of the companies under its portfolio are APIIT Education Group, Al-Ikhsan Sports Sdn Bhd, Coolblog Sdn Bhd and PMCare Sdn Bhd.

Pic by Ismail Che Rus