

Private equity a catalyst for change

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PRIVATE equity (PE) can be the catalyst to transform Malaysian companies into regional leaders, senior Ekuiti Nasional Bhd (Ekuinas) executives said.

With the local PE market still at a nascent stage, Ekuinas hopes that it can play a developmental role to grow the local PE ecosystem and turn more medium-sized firms into high growth businesses, said its chairman Raja Tan Sri Arshad Raja Tun Uda.

“One of Ekuinas’ main objectives is to increase Bumiputeras’ economic participation by developing the next-generation Malaysian companies and transforming them into market leaders,” Raja Arshad said in an interview yesterday.

Ekuinas chief executive officer Datuk Abdul Rahman Ahmad said globally, big institutions typically allocate 15 to 20 per cent of their investment allocation on PE.

“Here, our institutions are spending less than five per cent of their total allocation on PE,” Rahman said.

He added that PE has transformational value because PE players can help a good company become more efficient and competitive.

Last year, in its fourth year of operations, Ekuinas undertook nine direct and outsourced investments with a committed capital totalling RM246.8 million, of which three direct investments make up a total committed capital of RM121.1 million.

Over the past four years, Ekuinas received a total of RM2.4 billion from the government, of which RM2.3 billion were used to buy significant stakes in high growth companies.

Its major investments included recently-listed Icon Offshore Bhd, Cosmopoint Group, Asia Pacific Education Group and Cosmo Restaurant Sdn Bhd.

Rahman is hopeful that platforms, such as the Malaysian Private Equity Forum, would help raise the local retail and institutional investors’ awareness of PE.

The two-day forum, which kicks off today, offers the participants access to senior investors, experienced fund managers, government officials and PE professionals as they share their expertise and insights on the benefits and opportunities that PE creates.

Speakers include Howard Marks, chairman of Oaktree Capital Management, EPF chief executive officer Datuk Shahril Ridza Ridzuan, D. Brooks Zug, senior managing director and founder of Harbourvest Partners LLC, Nicholas Bloy, co-founder and managing partner of Navis Capital Partners and Nik Amlizan Mohamed, chief investment officer of Kumpulan Wang Persaraan (Diperbadankan).

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