

Ekuinas divests stake in Alliance Cosmetics

It sells entire 20% equity to Navis Capital for RM61.8mil

PETALING JAYA: Ekuiti Nasional Bhd (Ekuinas) has divested its entire 20% equity stake in Alliance Cosmetics Group (ACG) to Navis Capital Partners for a total consideration of RM61.8mil.

The private equity fund management company said in a statement that the divestment to Navis, also a co-investor in ACG, would allow Navis to continue nurturing the company to further strengthen its financial performance.

"Despite challenging market conditions throughout Ekuinas' ownership, ACG has successfully expanded into Indonesia and the Philippines.

"Its in-house brand *Silkygirl* also continues to be one of the leading mass market colour cosmetics and fragrance players in Malaysia, Singapore and Brunei, while its team endeavoured to develop new product lines," said Ekuinas chairman Raja Tan Sri Arshad Raja Tun Uda.

ACG was Ekuinas' maiden investment in the fast-moving consumer goods segment, which it initially made in 2010 together with Navis.

Its total investment of RM39.9mil translated to an effective 25% equity in a special-purpose vehicle which controls 80% of ACG.

As such, Ekuinas said the divestment generated gross proceeds of RM61.8mil with a minimum internal rate of return (IRR) of 9% and money multiple of 1.55 times the capital invested, inclusive of dividends received.

Pursuant to the sale, Navis has agreed that upon its exit from ACG, Ekuinas could potentially receive additional proceeds from the divestment via a sharing mechanism, depending on the final consideration paid and subject to certain thresholds being reached.

According to Ekuinas chief executive officer Syed Yasir Arafat Syed Abd Kadir,



Leading brand: Cheerleaders applying complimentary Silkygirl make up at a cheerleading competition. Ekuinas says ACG's in-house brand Silkygirl continues to be one of the leading mass market colour cosmetics and fragrance players in Malaysia, Singapore and Brunei.

the divestment is in line with the fund's move to crystallise its investments under the Ekuinas Direct (Tranche I) Fund as part of its investment strategy to secure positive IRR in addition to ensuring that the realisation of the fund is done within the required timeline.

The sale of the stake in ACG marks the sixth divestment by Ekuinas, which brings its total realised proceeds to more than RM1bil, including the partial divestment of Icon

Offshore Bhd, after nearly seven years in operations.

It added that more assets in the Ekuinas Direct (Tranche I) Fund may be divested, as the fund is set to be closed by the end of 2017.

According to Ekuinas, the Ekuinas Direct (Tranche I) Fund delivered a gross portfolio return of RM591.3mil for a gross IRR of 14.8% per annum. Its second fund, the Ekuinas Direct (Tranche II) Fund, posted a gross return of RM133.3mil at an IRR of 13%.