

Malaysia's Ekuinas expects challenges of 2020 to linger for a while



Ekuinas CEO Syed Yasir Arafat Syed Abd Kadir at DEALSTREETASIA's PE-VC Summit 2018 in Singapore.

By [Yimie Yong](#)

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Malaysia's government-linked private equity firm Ekuiti Nasional Bhd ([Ekuinas](#)) said Monday it expects the challenges of 2020 to persist as it foresees bigger financial distress for businesses.

"The challenges of 2020 are expected to persist with greater financial distress for businesses. Overall, Ekuinas expects there will be opportunities ahead, but it will continue to exercise discipline as the company seeks quality investment prospects and endeavours to continue delivering on its mandate to catalyse the growth of local businesses whilst channelling positive impact for the Bumiputera (ethnic Malays and indigenous people) communities," it said in a statement, in conjunction with the announcement of the financial results for the financial year ended December 31, 2019.

Ekuinas Direct (Tranche II) Fund recorded a gross portfolio return of RM582.9 million (\$139.66 million), generating annualised gross Internal Rate of Return (IRR) and net IRR of 13.5 per cent and 9.6 per cent, respectively, Ekuinas said.

Meanwhile, Ekuinas Direct (Tranche III) Fund recorded a gross portfolio loss of RM170.5 million, translating to a negative annualised gross IRR of 10.8 per cent. The performance of this fund was mostly driven by reduced valuations of several portfolio companies.

Ekuinas said the firm was selective in deploying capital and channelled its investment efforts towards follow-on investments. This year, the company committed a total of RM205.9 million, which includes RM20 million investment in tanker operator Orkim Sdn Bhd, RM183 million in offshore support vessel provider Icon Offshore Bhd (ICON), and RM2.9 million in cloud hosting services firm Exabytes Capital Group Sdn Bhd.

During the year, Ekuinas also exited two of its portfolio companies, private university APIIT Lanka Pvt Ltd and premium frozen meat company Primabaguz Sdn Bhd, in line with its move to crystallise its investments under the Ekuinas Direct (Tranche II) Fund. The divestments generated gross IRR of 17.7 per cent and 22.1 per cent, and money multiple of 2.2 and 3.8 times the capital invested, respectively.

The realisation proceeds of Ekuinas' divestment activities in 2019 stood at RM384.6 million, bringing the company's total realisation, including income from dividends and interests to RM3.1 billion, it added.

To date, Ekuinas has undertaken cumulative investments in 41 companies, representing the total committed investment of RM4.1 billion (\$982.22 million).

"Over the last decade, the PE industry reflected a significant change in deal numbers and recording a growth rate of almost five-fold. Globally and in Malaysia, market dynamics have shifted and have seen a significant transition in capital allocation from public to private markets," Ekuinas CEO Syed Yasir Arafat Syed Abd Kadir said. "We remained focused on our objective in developing local mid-sized companies to create regional industry leaders. We hope to continue executing the same strategy for more high potential Malaysian companies to enter the next phase of growth."

Ekuinas is a government-linked private equity fund management company established on September 1, 2009 and aims to create Malaysia's next generation of leading companies while promoting equitable and sustainable Bumiputera wealth creation and economic participation.

To date, Ekuinas has undertaken investments in over 40 high potential Malaysian companies involved in sectors namely education, fast moving consumer goods, oil and gas, retail, healthcare, and services as well as manufacturing.

Ekuiti Nasional Bhd (Ekuinas)