

Press Release
24 June 2021

EKUINAS CONTINUES TO DELIVER VALUE FOR PORTFOLIO COMPANIES AND COMMUNITIES AMIDST ECONOMIC VOLATILITY

Key highlights: -

- Ekuinas Direct (Tranche II) Fund recorded a Gross Portfolio Return of RM571.2 million, generating a Gross Internal Rate of Return (IRR) of 11.9% p.a. and a net IRR of 8.2% p.a.
- As of FY2020, Ekuinas' total cumulative investment stood at RM4.4 billion which comprised investments in 42 companies and consequently generated a Total Economic Deployment of RM5.0 billion, together with private sector partners.
- Through those investments, Ekuinas also increased the overall Bumiputera equity ownership to RM5.6 billion, equivalent to 1.4 times the capital invested which led to the increase in Total Shareholders' Value to RM7.0 billion, translating to 1.8 times the capital invested.

KUALA LUMPUR, 24 JUNE 2021: Ekuiti Nasional Berhad (Ekuinas) today announced its financial results for the financial year ended 31 December 2020 (FY2020) that demonstrated its resilience in delivering value to its portfolio companies whilst executing its mandate despite the volatile economic environment.

Ekuinas Direct (Tranche II) Fund recorded a Gross Portfolio Return of RM571.2 million, generating a Gross Internal Rate of Return (IRR) of 11.9% p.a. and a net IRR of 8.2%. Meanwhile, Ekuinas Direct (Tranche III) Fund recorded a Gross Portfolio Loss of RM75.4 million, translating to a negative Gross IRR of 3.2% p.a. The performance of Fund III represents an improvement of 7.6% as compared to 2019, reflecting Ekuinas' stringent and comprehensive value creation plans (VCP) that were put in place for the respective portfolio companies to preserve businesses, restore competitiveness and execute turnarounds in their operational and financial performance.

Against the backdrop of a global pandemic and slower economic growth, Ekuinas remained active in its investment activities by committing RM250.2 million to strengthen its portfolio of companies. During the year, Ekuinas acquired a majority stake in Medispec (M) Sdn Bhd, a leading distributor and marketer of local pharmaceutical and supplement products, marking Ekuinas' entry into the healthcare and pharmaceutical space. In addition, Ekuinas also committed to support its existing portfolio companies through follow-on investments in Icon Offshore Berhad and Flexi Versa Group. Notwithstanding the movement restrictions imposed, Ekuinas also completed the sale of its home-grown desserts and beverage company, Coolblog Apps Sdn Bhd. This divestment brought the Company's total realisation proceeds, including income from dividends and interests, to RM3.2 billion.

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Raja Tan Sri Dato' Seri Arshad Raja Tun Uda, Chairman of Ekuinas said, "Globally, there was a sharp drop in economic activities and performance due to the pandemic. This was compounded by the already volatile markets, exacerbated by tenuous relations between major economies. Despite this, we continued to execute our mandate – to support the overall ecosystem and communities in Malaysia, whilst building on the performance of our portfolio companies."

"Leveraging on the momentum built over the past 10 years since our establishment, we concentrated our efforts to accelerate the urgent needs of our investments and stakeholders during these unprecedented times. It was imperative that we quickly implemented and facilitated future-focused strategies such as operational improvements and enhancements of products and services for our portfolio companies to adapt to the changing business landscape," he elaborated further.

Within the same period, through its direct and outsourced funds, Ekuinas has positively increased the Bumiputera equity ownership to RM5.6 billion, which translates to 1.4 times the capital invested, as well as increased the number of Bumiputera managers and employees in its portfolio companies by 13.3% and 10.5%, respectively.

In supporting the community as well as the front liners and those affected by the pandemic, Ekuinas stepped up its Corporate Social Responsibility (CSR) efforts through ILTIZAM by disbursing RM9.8 million across the three pillars under ILTIZAM (Entrepreneurship, Education and Community), benefitting close to 6,600 beneficiaries. Additionally, the RM10.0 million fund, *Dana Ihsan COVID-19 ILTIZAM* that was established to support the country in its battle against the pandemic has also successfully provided support to many Malaysians and businesses, and efforts will continue to carry through 2021.

Syed Yasir Arafat Syed Abd Kadir, Chief Executive Officer of Ekuinas said, “The year 2020 started off slow. Overall, PE activities fell off sharply in the first quarter, as activities or decisions were put on hold due to the restrictions on travel as well as a pullback in sentiment, with confidence taking an abrupt turn for the worst. However, the disruption brought about by the pandemic did not last long and the PE industry saw a rapid rebound, as reflected in the third quarter numbers of 2020 (Q3 2020)¹. Against this backdrop, we calibrated our strategy for 2021 to prepare for future headwinds for our portfolio companies and ourselves.”

Looking ahead, Syed Yasir Arafat added, “Ekuinas’ key focus for 2021 will be on intensifying deal sourcing and portfolio management, whilst maintaining the overall corporate strategic direction. We have built up a robust deal pipeline comprising quality and diverse potential investments and will continue to nurture deal flows through expanded deal criteria, supplemented by improved research and networking.”

“We continuously believe in the importance of delivering financial value on our investments to be able to achieve our social objective in a sustainable manner. As such, our mandate and performance will remain on the forefront, as well as our role in promoting equitable and sustainable Bumiputera wealth creation and economic participation. We are committed to ensure consistent and disciplined execution as we emphasise on three fronts namely increasing value creation activities to ensure resilience and performance delivery; stringent adherence to governance requirements; and business alignment through detailed performance management. We look to embark on these strategies towards improving our portfolio companies’ performance and eventually for the benefit of the wider Bumiputera community,” he concluded.

¹ Source: [Bain 2021 Global Private Equity report](#)

To read more on Ekuinas' 2020 performance, please refer to the Chairman and CEO's Joint Statement in the 2020 Annual Report, pages 14 – 22.

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About Ekuiti Nasional Berhad

Ekuiti Nasional Berhad (Ekuinas) is a government-linked private equity company that aims to create Malaysia's next generation of leading companies whilst promoting equitable and sustainable Bumiputera wealth creation and economic participation. The Company's primary objective is to deliver financial value on its investments to ensure its social objective is achieved in a sustainable manner.

To date, Ekuinas has undertaken investments in over 40 companies in high potential Malaysian companies involved in Ekuinas' core target sectors namely education, fast moving consumer goods, oil and gas, retail, healthcare, and services. Ekuinas was shortlisted as one of the Top 3 Southeast Asian Firms of the Year by the Private Equity International (PEI) Awards for the year 2018 and 2019.

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