

([http://advertisement.bizedge.com/www/delivery/ck.php?](http://advertisement.bizedge.com/www/delivery/ck.php?oaparams=2__bannerid=2060__zoneid=271__cb=094f6d307a__oadest=http%3A%2F%2Fwww.theedgeproperty.com.my%2Fmalaysian-property-summit-2017)

http://advertisement.bizedge.com/www/delivery/ck.php?oaparams=2__bannerid=2060__zoneid=271__cb=094f6d307a__oadest=http%3A%2F%2Fwww.theedgeproperty.com.my%2Fmalaysian-property-summit-2017)

[Main \(/\)](#) / [News \(/news\)](#)

EPF buys 40% of DUKE concessionaire

By Billy Toh | September 22, 2016 11:19 AM MYT

25



KUALA LUMPUR (Sept 22): The Employees Provident Fund (EPF) is acquiring a 40% stake in the concessionaire of the Duta-Ulu Klang (<http://www.theedgeproperty.com/my/selangor/ulu-kelang>) Expressway (DUKE) for RM1.13 billion, from Ekovest Bhd.

Ekovest, in a filing with Bursa Malaysia yesterday, said its wholly-owned unit, Nuzen Corp Sdn Bhd, had entered into a binding term sheet with EPF to dispose of the stake in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (Kesturi). Based on the price tag, Kesturi is valued at RM2.8 billion.

"I think it's a good deal for Ekovest but for the valuation, it has to depend on the traffic forecast number," said TA Securities analyst Ooi Beng Hooi when contacted by *The Edge Financial Daily*.

Ooi said it is best to wait for the independent consultant's reports in order to have a better picture of the deal.

Contact Us

Recall that in early 2014, Malaysian Resources Corp Bhd (MRCB) — in which EPF has a 34.72% stake based on its latest filing — sold its 30% stake in Kesturi to Ekovest for RM228 million cash, valuing Kesturi at RM760 million at that time, in comparison with its current valuation of RM2.83 billion.

(Ekovest — whose main shareholders are its executive chairman Tan Sri Lim Kang Hoo and Datuk Harris Onn Hussein, the brother of Defence Minister Datuk Seri Hishammuddin Hussein — earlier in 2012 took up the other 70% stake in Kesturi via a RM325.86 million share swap deal.)

Another analyst, who wants to remain anonymous, shared that the current valuation is a little on the high side as he expects a fair value (FV) of a little over RM1.13 billion for the entire stake in Kesturi. He, however, noted that a lot will depend on the traffic projection in arriving at the FV.

The analyst added that the big difference in the valuation for Kesturi in 2014 and now could also be due to DUKE phase 2, which at a cost of RM1.18 billion is a major investment for Ekovest.

“You have to understand that the traffic numbers were very different when they bought it from MRCB and DUKE phase 2 was not completed back then. There has been a fair bit of capex (capital expenditure) that has been put into phase 2,” he said.

Inclusive of the RM1.18 billion cost for phase 2 and the RM760 million valuation in 2014, the value of Kesturi would have been about RM1.94 billion in 2014. In comparison, Ekovest is now selling the 40% stake in Kesturi to EPF based on the valuation of RM2.83 billion, representing a gain of about 45.88% in a two-year period for Ekovest, even after taking into consideration the capex of RM1.18 billion spent on DUKE phase 2.

Ekovest’s market capitalisation based on its shares’ last closing price was at RM1.69 billion, which is also much lower than the valuation tagged with Kesturi.

With such a profit and a special dividend expected based on a report by *The Edge* weekly, it is no wonder then that its share price went up by 15.2% this month even when the FBM KLCI fell by 1.15% during the same period. Year to date, Ekovest has surged by 84.11% while in contrast the benchmark index dropped by about 2%.

Ekovest, in its filing yesterday, said that upon the completion of the disposal, EPF will pay RM921 million in cash to Nuzen. Another RM60 million will be paid upon DUKE phase 2’s certificate of practical completion being issued.

A further sum of RM149 million in cash will be paid subject to Nuzen’s fulfilment of the post-completion conditions as stipulated in an agreement between both parties.

Ekovest said the disposal is conditional upon the approval of Ekovest’s shareholders and consent from the government under the relevant concession agreement entered into by Kesturi, and consent from the holders of the existing senior sukuk issued by Kesturi. It is also subject to EPF being satisfied with the outcome of a due diligence exercise to be carried out on Kesturi.

Ekovest said it will make a detailed announcement upon finalisation of the sale and purchase agreement for the disposal.

DUKE commenced operations in 2009 with the operator being awarded a 34-year concession for the 18km highway. DUKE phase 2 (comprising the Sri Damansara Link and Tun Razak Link) is scheduled to be completed by the end of this year, with the toll concession period stretching up to 2059, with another 10-year extension allowed.

Ekovest shares, which were suspended from trading yesterday pending the release of this announcement, have risen 15.2% so far this month. They last traded at RM1.97, a five-month high.

Not sure how much you will have to pay a month for your home? Check out our mortgage calculator here. (<http://www.theedgeproperty.com.my/tools/mortgage>)

This article first appeared in *The Edge Financial Daily*, on Sept 22, 2016. Subscribe to *The Edge Financial Daily* here. (<http://subscribe.theedgemaalaysia.com/>)

Log in

(</user/login?destination=node/889906%23comment-form>) to post comments

ENJOY READING OUR CONTENT?

Sign up to receive updates & newsletters *

Email Address *

Subscribe

RELATED NEWS



Ekovest up 6% on special dividend (/content/1066755/ekovest-6-special-dividend)

Feb 14, 2017 02:15 PM



PRIMA: Start moratorium from CCC date (/content/1066612/pr1ma-start-moratorium-ccc-date)

Feb 14, 2017 12:00 PM



Ekovest to pay 25 sen special dividend post DUKE stake sale (/content/1066634/ekovest-pay-25-sen-special-dividend-post-duke-stake-sale)

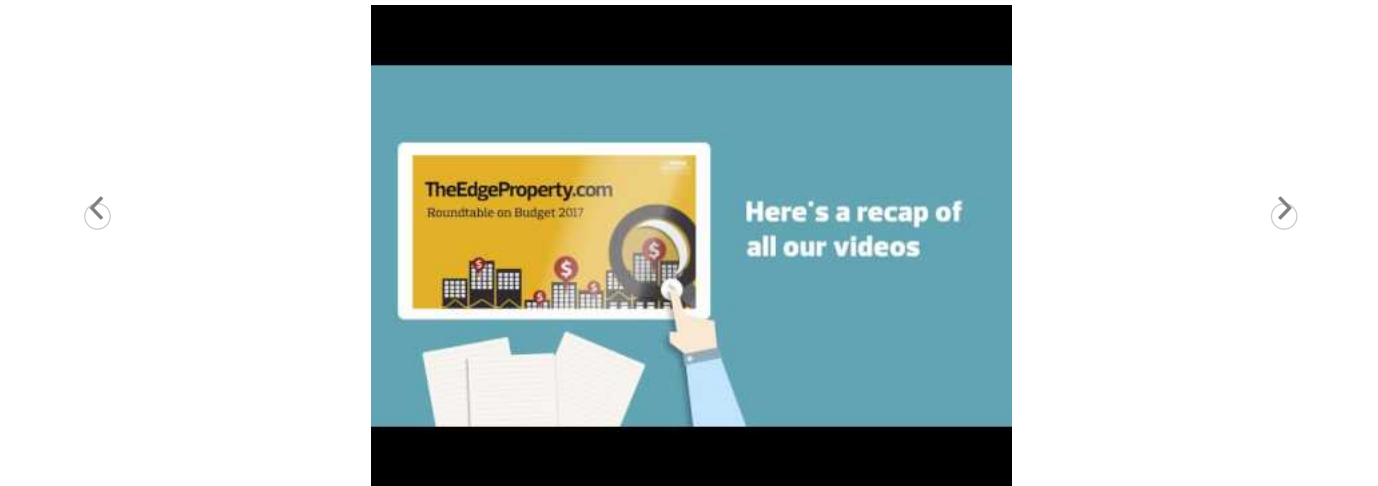
Feb 14, 2017 12:21 PM



PRIMA launches special end-financing scheme (/content/1066065/pr1ma-launches-special-end-financing-scheme)

Feb 13, 2017 05:47 PM

EDGE PROPERTY TV



(/video/what-have-you-missed/1022883)
Property
What have you missed? (/video/what-have-you-missed/1022883)
December 29, 2016 7:30PM