

# Ekuinas acquires 35% stake in Al-Ikhsan for RM68.6m

GOVERNMENT-LINKED private equity fund management company Ekuiti Nasional Bhd (Ekuinas) is making its foray into a retail sportswear business with the acquisition of a 35% stake in Bumiputera sportswear retailer, Al-Ikhsan Sports Sdn Bhd, for a total of RM68.6 million.

The deal also enables Ekuinas to fully acquire Al-Ikhsan's homegrown sportswear apparel brand AL Sports, to leverage on the increasing interest in health and fitness among Malaysians.

"Ekuinas is excited to enter the sports retail segment and what better way to do so than with Malaysia's number one sports retailer. The retail segment is one of our six identified target sectors and our entry into sports retail gives us a wider reach within retail," Ekuinas chairman Raja Tan Sri Arshad Raja Tun Uda said in a statement yesterday.

He said that the acquisition would extend the fund management company's retail portfolio beyond its existing investments in the food and beverages industry.

"One of the main factors supporting the acquisition is that via Al-Ikhsan, Ekuinas has the opportunity to back a highly capable Bumiputera entrepreneur with a view to transform the business into a stronger market leader with a regional presence," he added.

Branded sportswear retail sales in the country are projected to grow 8% annually to reach RM2 billion by the year 2020, while in neighbouring countries such as Singapore, Thailand and Indonesia, the number is expected to grow past the RM13 billion mark within the same period.



**Syed Yasir Arafat (left) with Al-Ikhsan Sports founder Ali Hassan Mohd Hassan at a recent signing ceremony. Syed Yasir Arafat says Ekuinas would leverage on Al-Ikhsan's strengths to reach new markets**

According to Ekuinas, Al-Ikhsan's market leading position and size, makes it well-placed to capitalise on the growing awareness of the importance of health and increasing interest in sports among Malaysians.

Al-Ikhsan currently holds a 36% share of the market in the multi-brand sports retail industry, encompassing sports equipment, apparel and footwear.

It stocks 30 sporting brands including Nike, Adidas and Puma and has 119 outlets in Peninsular Malaysia.

The retailer generated revenue of RM257 million at the end of last year.

Ekuinas CEO Syed Yasir Arafat Syed Abdul Kadir said the company would leverage on Al-Ikhsan's strengths to reach new markets, while strengthening its core performance via operational improvements and supply chain optimisation.

"Ekuinas will be working closely with Al-Ikhsan's founder and management team towards accelerating the local and regional expansions, either via organic growth or through the acquisition of existing speciality players in the market to

reinforce its presence in under-penetrated cities in Malaysia, and entry into East Malaysia and neighbouring countries," he said.

Currently, there are plans to open four new megastores in Kuala Lumpur and Perlis, as well as Al-Ikhsan premium speciality stores in cities such as Kuala Lumpur and Penang.

As for the East Malaysian market, Al-Ikhsan is targeting to open six stores in Kuching and Kota Kinabalu by 2018 with the help of Ekuinas.

Entry into other Asean markets, namely Indonesia and Thailand, are slated to take place within the next three to five years.

With a government endowment of RM5 billion, Ekuinas aims to create industry leading groups in high growth sectors while promoting equitable, effective and sustainable Bumiputera economic participation.

The private equity fund management company to date has invested in high potential domestic companies in the areas of fast-moving consumer goods, oil and gas, logistics, education, retail and healthcare. —  
by NG MIN SHEN