

EkuiNAS buys 35% stake in Al-Ikhsan

PETALING JAYA: Government-linked private equity fund management company Ekuiti Nasional Bhd (EkuiNAS) announced its entry into the retail sportswear business following the acquisition of a 35% stake in Malaysia's leading bumiputra sportswear retailer, Al-Ikhsan Sports Sdn Bhd, for RM68.6mil.

The deal also includes the 100% acquisition and injection of the company's homegrown sportswear apparel brand, AL Sports, under the Al-Ikhsan umbrella, to leverage on the increasing interest in health and fitness among Malaysians in general.

This investment marks EkuiNAS' entry into the sports retail segment, thus extending its retail portfolio beyond the current food and beverage companies.

Branded sportswear retail sales in the country are poised to grow 8% annually to reach RM2bil by 2020, while in neighbouring countries such as Singapore, Indonesia and Thailand, it is expected to grow past the RM13bil mark in the same period.

In line with its mandate of creating market leaders, EkuiNAS plans to expand this business to new markets in Peninsular Malaysia, Sabah and Sarawak, as well as create a presence in the regional market.

In a statement, EkuiNAS chairman Raja Tan Sri Arshad Raja Tun Uda said: "EkuiNAS is excited to enter the

sports retail segment and what better way to do so than with Malaysia's No. 1 sports retailer, Al-Ikhsan.

"The retail segment is one of EkuiNAS' six identified target sectors and our entry into the sports retail segment gives us a wider reach within retail. This acquisition extends the retail portfolio beyond our existing investments in F&B."

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

Established in 1993 by Ali Hassan Mohd Hassan, Al-Ikhsan currently commands a 36% market share in the multi-brand sports retail industry encompassing sports equipment, apparel and footwear, with 119 outlets in Peninsular Malaysia.

Al-Ikhsan stocks 30 sporting brands including Nike, Puma and Adidas. With its rapid growth since 1993, Al-Ikhsan recorded its highest revenue in 2012 at RM278mil. At the end of last year, Al-Ikhsan generated a revenue of RM257mil and a normalised operating profit of RM23.2mil.

According to EkuiNAS chief executive officer, Syed Yasir Arafat Syed Abd Kadir, EkuiNAS will follow through on its mandate to create

industry leading groups in high growth sectors.

"EkuiNAS will be working closely with Al-Ikhsan's founder and management team towards accelerating the local and regional expansion, 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, as well as entry into East Malaysia and neighbouring Asean countries," Syed Yasir said.

Plans are afoot to roll out four new megastores in Kuala Lumpur and Perlis. Consumers in cities such as Kuala Lumpur and Penang can also look forward to Al-Ikhsan premium speciality stores in the mid to long term.

With EkuiNAS' support, Al-Ikhsan is also setting its eyes on the Sabah and Sarawak markets with plans to open six stores in Kuching and Kota Kinabalu by 2018. Regional plans at this point include the entry into other Asean markets, namely Indonesia and Thailand, within the next three to five years.

This acquisition is EkuiNAS' first investment for 2016. Together with an investment in the manufacturing sector under the outsourced programme for RM12mil, EkuiNAS has invested in a total of 36 companies under direct and outsourced investments since its establishment in 2009.