

**PRESS RELEASE**  
**26 July 2016**

## **EKUINAS BACKS MALAYSIA'S LEADING BUMIPUTERA SPORTS RETAILER, AL-IKHSAN SPORTS TO ACCELERATE ITS EXPANSION PLANS**

**Key Highlights: -**

- Ekuinas acquires 35% equity in Malaysia's leading Bumiputera sportswear retailer, Al-Ikhsan Sports Sdn Bhd for RM68.6 million. This investment also enables Ekuinas to acquire AL Sports, a homegrown sportswear apparel brand, which is being injected under the Al-Ikhsan umbrella to leverage on the increasing interest in health and fitness amongst Malaysians in general.
- This investment marks Ekuinas' entry into the sports retail segment, extending its retail portfolio beyond the current Food & Beverage (F&B) companies. The Malaysian sports retail industry is expected to grow 8% annually to reach RM2 billion by 2020 in Malaysia alone, while in neighbouring countries such as Singapore, Indonesia and Thailand, it is expected to grow past the RM13 billion mark in the same period.
- In line with its mandate of creating market leaders, Ekuinas plans to back this highly capable Bumiputera entrepreneur to expand his business to new markets in Peninsular Malaysia, Sabah and Sarawak, as well as create a presence in the regional market.

**KUALA LUMPUR, 26 July 2016:** Ekuiti Nasional Berhad (Ekuinas), the government-linked private equity fund management company, announced its entry into the retail sportswear business following the acquisition of a 35% stake in Malaysia's leading Bumiputera sportswear retailer, Al-Ikhsan Sports Sdn Bhd (Al-Ikhsan) for RM68.6 million.

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 amongst Malaysians in general.

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

With its market leading position in multi-brand sports retail in Malaysia and also one of the largest in the region, Al-Ikhsan is well placed to capitalise on this trend owing to Malaysians' flourishing interest in sports as well as growing awareness of the importance of living an active and healthy lifestyle.

Commenting on the investment, Ekuinas Chairman, Raja Tan Sri Dato' Seri 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 Bumiputera entrepreneur with a view to transform the business into a stronger market leader with regional presence."

Established in 1993 by Tuan Haji 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 RM278 million. At end 2015, Al-Ikhsan generated a revenue of RM257 million and a normalised EBITDA of RM23.2 million.

### ***Growth and expansion***

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.

"To that end, Ekuinas will leverage on Al-Ikhsan's strengths to execute the value creation plan to expand its reach to new markets, aside from strengthening 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 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 Arafat explained.

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.

Al-Ikhsan founder and chief executive officer, Tuan Haji Ali Hassan Mohd Hassan said that this was yet another defining milestone in the history of his company.

“We look forward to working closely with Ekuinas and to tap into their expertise to help take us to the next level within the sports retail industry. We are confident that our partnership will prove mutually rewarding for both entities, as well as provide Malaysians another source of pride as we grow the Al-Ikhsan and AL Sports brands beyond our shores,” Tuan Haji Ali said.

This acquisition is Ekuinas’ first investment for 2016 and in the sports retail segment. Together with an investment in the manufacturing sector under the Outsourced Programme for RM12 million, Ekuinas has invested in a total of 36 companies under direct and outsourced investments since its establishment in 2009. The Company recently announced its results for the financial year ended 31 December 2015, which saw Ekuinas maintaining its Internal Rate of Return (IRR) above the minimum target of 12% per annum for the sixth year running. Ekuinas Direct (Tranche I) Fund recorded a Gross Portfolio Return of RM591.3 million, at a gross IRR of 14.8% whilst its second fund, Ekuinas Direct (Tranche II) Fund posted a Gross Portfolio Return of RM133.3 million at a gross IRR of 13.0%.

- End -

## **About Ekuinas**

Ekuinas (Ekuiti Nasional Berhad) is a government-linked private equity fund management company established on 1 September 2009. With the government endowment of RM5 billion, Ekuinas aims to create Malaysia's next generation of leading companies whilst promoting equitable, effective and sustainable Bumiputera economic participation. To date, Ekuinas has undertaken investments in high potential Malaysian companies involved in Ekuinas' core target sectors namely fast moving consumer goods, oil and gas, logistics, education, retail and healthcare.

## **About Al-Ikhsan**

Al-Ikhsan Sports was established in 1993 with a single 150 sq ft store in Holiday Plaza, Johor Bahru. From sole proprietorship enterprise, the company has evolved to become a Private Limited Company known as Al-Ikhsan Sports Sdn Bhd with over 100 outlets across Peninsular Malaysia. In 2011, the company was awarded the ASEAN Business Outstanding Award 2011 to 2013 for the Sports Retail category by the ASEAN Retail & Franchise Federation and it was ranked the *77th Largest Sporting Goods Retailer In The Galaxy* by the Sporting Goods Intelligence Report based on 2012 revenue. Aiming to be the LARGEST Sports Retailer in South East Asia, Al-Ikhsan is differentiated from others by its exclusive and quality product range attained directly from the global brands and sold to its customers at competitive prices.

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