

## US\$100M INVESTMENT

# Sports Direct plans expansion in Greater KL

SHAREN KAUR

SUBANG JAYA

bt@mediaprima.com.my

**S**PORTS Direct, the United Kingdom's largest sporting goods retailer, aims to set up a regional distribution centre in Greater Kuala Lumpur, in a bid to reach out to the 10 markets in the Asean region.

The company offers the widest range of sportswear, footwear and equipment at unbeatable value and has plans to use Malaysia as the hub for its regional expansion, said Sports Direct Malaysia managing director Paul Gibbons.

Gibbons told NST Business that US\$100 million (RM392 million) will be invested for a 20ha site, construction and initial operations.

"We are looking for a site suitable to build a one million sq ft regional distribution centre. We would prefer the site to be in relative proximity to Port Klang as well as able to utilise services rendered at the airport with the new Digital Free Trade Zone, and then at some point with the rail system link that is planned.

For our business, Malaysia's central connectivity makes it an ideal and strategic choice.

We target to manage all the 10 markets in the Asean region from this hub and hope to procure the land and a timeline to build by the



*Sports Direct Malaysia managing director Paul Gibbons says the company has invest RM200 million in Malaysia since its inception.*

end of this year.

This will help procure both brick and mortar businesses around the region and support licensees, considering that the group owns 30 international sports brands.

"We will likely keep our headquarters separated though we may have retail and training facilities built into the facility depending on the final site location. This will depend on consumer accessibility and remains somewhat secondary to the primary objective of having a regional distribution centre," said Gibbons.

## Progressive growth, supported by InvestKL

"Sports Direct has invested in excess of RM200 million in Malaysia since its inception here some eight years ago," said Gibbons "and currently has 28 stores with a plan to continue growing for certain strategic and geographical locations".

The company is targeting to achieve RM200 million for the financial year ending April 2018, having recorded RM157 million in sales last year in the domestic market. The company is hoping to achieve

an annual revenue growth of at least 10 per cent per annum.

In the next five years, Sports Direct aims to have a retail presence in each of the leading South-east Asian markets, either directly or with joint venture partners.

The Sports Direct proprietary website is due to be launched this month and it will continue to develop a marketplace shop-in-shop platform with Lazada.

While the e-commerce expansion is taking on a major focus, it is seen to compliment its retail store business, not compete against it.

"One thing about the sports business is people still need to go out and try on shoes, sports attire plus compare the latest technologies," said Gibbons.

He said InvestKL, the government entity set up under the Economic Transformation Programme, to attract large global multinational companies (MNCs), has contributed to the company's development in Malaysia.

"We are carefully setting the foundations for expanded growth and to meet our parent company's aspirations to become a dominant player within the region. I think we have made good progress until today, ensuring that we create the correct disciplines within our business and InvestKL is helping us to achieve our aspirations."

"InvestKL looks internally at our business to have a better understanding of how they can help. They open doors, facilitate meetings and help us to promote ourselves domestically and in the region by tapping other agencies and giving us a slightly different perspective on what support is available and how it can help us grow. This has been very helpful," said Gibbons.

Sports Direct International Plc is the UK's largest sporting goods retailer by revenue, and operates a diversified portfolio of sports, fitness, fashion and lifestyle fascias and brands.

In the 2017 financial year, group revenue hit £3.2 billion (RM17.6 billion), operating 757 sports stores across the UK and internationally, plus Premium Lifestyle stores in the UK.

The company operates a wide portfolio of globally recognised sports, fashion and lifestyle brands, including Slazenger, Everlast, Lonsdale, Karrimor, Kangol, No Fear and Firetrap.

"Our strategy is to invest in people and key third-party brand partners to attain new levels of excellence across multi-brands and multi-sport offerings to customers. We aspire to be a leading sports and lifestyle retailer internationally and to deliver sustainable growth for our shareholders in the medium to long-term by offering customers an unrivalled range of high-quality leading brands".

The group provides a full multi-channel retail approach across its fascias in the UK, and increasingly across its fascias in continental Europe and elsewhere.

The group also wholesales and licenses its group brands to partners in the UK, continental Europe, the United States, and the Far East.

## InvestKL aims for growth in new sectors

**M**ALAYSIA strides towards building a strong Digital Economy in Asean, attracting multinational companies (MNCs) and other global businesses in the services and technology sector.

The adoption of emerging technologies is the key driver in future economic growth, as the country moves from a manufacturing and agriculture-based economy to one that is highly service-oriented and technology driven.

Malaysia's gross domestic product (GDP) figures underscore a trend where the economy is becoming healthier, with growth becoming more broad-based across sectors

amid a firm trajectory.

The traditional businesses like oil and gas (O&G), supply chain management, engineering and construction are evolving and sectors such as Internet of Things, Robotics, Big Data Analytics, Artificial Intelligence, Financial technology and E-commerce are seen booming in recent years.

Whether it is the O&G, engineering, FMCG, or the aerospace industry, the focus now is all on digital and innovative services, high tech and Industry 4.0. The emphasis on digital projects is the key focus during the 4th Industry Revolution which signifies Malaysia's movement towards a strong dig-

itally-driven economy.

Under Malaysia's National e-Commerce Strategic Roadmap, headed by the International Trade and Industry Ministry, the government aims for e-commerce to contribute 20.8 per cent to the gross domestic product (GDP) by 2020 from 18.2 per cent. To expedite this, the National Industry 4.0 Policy Framework will be launched soon this year.

One of the biggest milestone for Malaysia is the Digital Free Trade Zone (DFTZ), spearheaded by The Malaysia Digital Economy Corp (MDEC), which is set to emerge as the region's leading logistics hub.

The creation of hubs like the re-

gional distribution hub to serve a wider market in Asean will enhance the e-commerce sector and boost digital economy.

Recent global leaders like Sports Direct, Givaudan, Air Liquide, AXA and Oracle, setting their global centres of excellence and headquarters in Greater Kuala Lumpur, is a testament to the digital development.

"With the growth in digital economy, companies are looking at new growth sectors to expand their businesses. Greater KL is an ideal launch pad for the development of new businesses in

the region and a preferred logistics gateway to Asean," said Datuk Zainal Amanshah, chief executive officer of InvestKL.

He said Greater KL has both the soft and hard infrastructure for the development of a regional hub, and this will further boost Malaysia's Digital Strategy Roadmap.

InvestKL's aim is to attract large global MNCs such as Fortune 500 and Forbes 2000 companies to undertake operational headquarters, international procurement centres, regional distribution centres or regional shared services centres in Greater KL.



*Datuk Zainal Amanshah*