

TOP GLOVE GOES FULL SWING ON M&A ACTIVITIES, AIMS TO BE FORTUNE 500 ENTITY

15 January 2018 / 12:01



TOP Glove Corp Bhd is looking for more mergers and acquisitions (M&As) in the coming years as it sets its sight to become a Fortune 500 entity by 2040.

The world's largest glove maker is considering three acquisitions this year, with four more expected in 2018.

Executive chairman Tan Sri Dr Lim Wee Chai said the move is part of the company's ongoing effort to expand its global market share from the current 25% to 30% by 2020.

To achieve that goal, Lim said Top Glove would need to accelerate its growth to about 10% per annum, from the current annual growth rate of 2.35%.

"That is our plan. We hope to acquire three this year and four the following year. We aspire to be a Fortune 500 company (and for that to happen) we need to grow 30 to 40 times in the next 22 years," Lim told reporters at Top Glove's quarterly financial briefing in Shah Alam last Friday.

Top Glove is targeting to make two smaller acquisitions later this year, after it agreed to take over surgical glove manufacturer Aspion Sdn Bhd from Singapore's Adventa Capital Pte Ltd in a RM1.4 billion deal.

The Aspion bid, set to be completed in April 2018, will position Top Glove as the leading player in the surgical glove segment. It is also expected to lift Top Glove's annual sales and net profit by 20% this year.

Lim has not downplayed the possibility of venturing into other industries such as logistics via the new acquisitions, but said preference will be given to the rubber and plastics sectors.

“We are open to all options. Anything that is good and healthy, we will do, but of course, we prefer to be in rubber-or plastic-related products segment,” Lim said.

The group has a healthy balance sheet with a net cash position of RM80 million as at Nov 30, 2017, enabling it to take a more aggressive approach on its expansion.

Apart from acquisitions, Top Glove is also building new factories to boost its manufacturing capacity from 52 billion to 59.7 billion gloves a year. Two new factories — Factory 31 and Factory 32 — are expected to be operational by May 2018 and December 2018 respectively.

ED Lim Cheong Guan said the company is also considering setting up a plant in Vietnam for RM50 million which would be completed in two years.

Top Glove shares ended three sen, or 3.5%, higher at RM9 last Friday, giving it a market capitalisation of RM11.3 billion.

The Malaysian Reserve