

TOP GLOVE BUYS ASPION FOR RM1.37 BILLION

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SHAH ALAM: Top Glove Corp Bhd, which expects to complete its RM1.37 billion acquisition of surgical glove producer Aspion Sdn Bhd in April, is aiming to acquire two more companies in 2018 and four companies next year.

Executive chairman Tan Sri Dr Lim Wee Chai stressed that the group needs to grow both organically and through merger and acquisitions (M&A). “Last year, we acquired two companies. This year we plan to acquire three companies, one big one (Aspion) and two small ones,” he told reporters after a media and analyst briefing last Friday.

“Any company that can add value to Top Glove, we’ll consider. We’re open. We prefer medical or rubber-related products, rubber glove, condom, chemical plant ... something good for the group to acquire. We (will) expand the business,” said Lim.

He said Fortune 500 companies acquire 10-20 companies every year and in the past 20 years, Top Glove only acquired 10 companies or factories, which is not good enough. He added that post-acquisition of Aspion, Top Glove will be financially stronger to expand faster.

“If our gearing is above one time, we will consider raising funds through bonds, private placements or other methods.”

Notwithstanding its capital outlay, Top Glove, the world’s largest rubber glove manufacturer, has a positive net cash position of RM80 million as at Nov 30, 2017.

The acquisition of Aspion instantly propels Top Glove to become the number one surgical glove maker globally.

Post Aspion acquisition, the capital expenditure of the Kulim plant that produces surgical and

examination gloves will be higher than the planned RM47 million.

Aspion is also expecting the volume of its surgical gloves to grow 18%-20% in 2018. With the acquisition, the enlarged group's product mix is expected to shift towards a greater proportion of surgical gloves, which provide higher profit margins and growth. With the inclusion of Aspion's revenues, the contribution of surgical gloves to the enlarged group's annual revenue is expected to rise from 5% to 13%.

Top Glove managing director Lee Kim Meow said the glove industry remains vibrant with an average growth of 10%, with plenty of potential to move forward.

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