

TOP GLOVE RECEIVES AA RATING FROM MARC

24 January 2020 / 12:01



Glove Corporation Bhd (Top Glove) has been assigned a corporate credit rating of AA by the Malaysia Rating Corporation Bhd (MARC),, the highest rating to be accorded to a Malaysian manufacturing company.

This indicates Top Glove’s demonstrated strong revenue growth and net profit, positive cash flow generation, with stable working capital management, backed by strong and sustainable glove demand globally.

Top Glove was also ascribed a strong corporate credit rating of AA2/Stable/P1 by RAM Rating Services Bhd (RAM), reflecting the company’s entrenched position as the world’s largest glove manufacturer, with an extensive product range and diversified geographical presence.

Top Glove’s credit profile is also supported by a strong management team, its fairly strong debt coverage ratios and resilient demand for rubber gloves.

“The strong credit ratings assigned by the two rating agencies reflect their confidence in the solid business fundamentals of Top Glove and the

company's commitment to strengthening its financial profile. We remain committed to undertaking our business operations sustainably and serving our customers with the utmost integrity," explained Tan Sri Dr Lim Wee Chai, executive chairman of Top Glove.

"For the past 19 years since listing in 2001, Top Glove has achieved a revenue CAGR of 22 per cent and PAT CAGR of 19 per cent.

"The strong credit ratings which indicate a promising outlook for Top Glove, will allow the company to tap the debt capital market to diversify its funding sources as it continues to grow its business, whether through organic expansion or acquisitions, in line with the strong market fundamentals of the rubber glove sector," Lim continued.

Following this, Top Glove on January 22, 2020 lodged a Perpetual Sukuk Wakalah Programme (Perpetual Sukuk Programme) of up to RM3 billion with the Securities Commission Malaysia (SC), via Top Glove's 100 per cent ultimate owned subsidiary TG Excellence Bhd (TGE).

The Perpetual Sukuk Programme provides TGE with the flexibility to issue unsecured and subordinated perpetual sukuk from time to time, subject to the aggregate outstanding nominal amount not exceeding RM3 billion at any point in time.

Proceeds from the Perpetual Sukuk Programme will be utilised to pare down borrowings, as well as for working capital purposes, investments, capital expenditure or general corporate purposes of the group. All utilisation of proceeds raised under the Sukuk Wakalah shall be Syariah-compliant.

MARC has assigned the Perpetual Sukuk Programme a preliminary AA- rating, which is just one notch lower than the AA rating accorded to the parent company Top Glove, which provides a subordinated guarantee on the proposed Perpetual Sukuk. Both the AA and AA- ratings carry a stable outlook.

CIMB Investment Bank Bhd and Hong Leong Investment Bank Bhd are the joint principal advisers and joint lead arrangers for the Perpetual Sukuk Wakalah Program, whilst CIMB Islamic Bank Bhd is the syariah adviser.

The strong credit ratings assigned by the two rating agencies reflect their confidence in the solid business fundamentals of Top Glove and the company's commitment to strengthening its financial profile. We remain committed to undertaking our business operations sustainably and serving our customers with the utmost integrity. Tan Sri Dr Lim Wee Chai.

The Borneo Post