

TOP GLOVE CHAIRMAN SAYS INTENSIFYING COMPETITION PRESENTS M&A OPPORTUNITIES

12 November 2021 / 12:11



KUALA LUMPUR (Nov 12): Top Glove Corp Bhd executive chairman Tan Sri Dr Lim Wee Chai said intensifying competition within the Malaysian and international rubber glove manufacturing sector due to the Covid-19-driven surge in glove usage presents merger and acquisition (M&A) opportunities for Top Glove as healthy competition makes the company and the industry more efficient and edges out weaker practices.

Lim said in Top Glove's latest annual report filed with Bursa Malaysia on Thursday (Nov 11) evening that the strength of the company's business locally and globally vis-à-vis competition that arises will be key to attracting investment and investors.

"Notwithstanding, we are of course mindful that the glove business has been a very attractive industry to be in, particularly during a pandemic when there is a surge in glove usage. In such an environment, we expect competition to intensify and new players to emerge.

"We welcome healthy competition as it makes us and the industry more efficient, edging out weaker practices and enhancing both performance and players. This also presents M&A opportunities for us.

"However, global glove demand is expanding and still growing yearly even in a post pandemic era from heightened health and hygiene awareness. Following this, we believe that the increase in demand will be sufficient to absorb the surplus in supply. Any oversupply and pricing pressure would be temporary," he said.

According to Lim, competition is an external factor not within Top Glove's control.

However, the company would continue to plan and strategise internally, so that it is able to withstand headwinds when they come, he said.

"I believe that with our business direction of producing high-quality gloves at an efficient low cost and focus on staying healthy, we will successfully mitigate and navigate any period of oversupply, just as we have done before.

"In any case, Top Glove has several advantages, which give us an edge over our competitors in the long term. We offer a highly diversified glove range comprising nitrile, natural rubber, vinyl and surgical gloves, and are also geographically diverse in terms of our customer and manufacturing base.

"Our production capacity of 100 billion gloves per annum, the largest among all glove manufacturers globally, also positions us to accommodate large orders from distributors," Lim added.

At the time of writing on Friday, Top Glove's share price had risen 14 sen or 6.09% to RM2.44, valuing the group at about RM19.54 billion based on the company's estimated 8.01 billion issued shares which exclude treasury shares.

The counter was traded at between RM2.32 and RM2.52 so far in the day.