

TOP GLOVE ACCELERATES BOND BUYBACK, SAYS WILL CONTINUE TO DO SO AT RIGHT AMOUNT, PRICING

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KUALA LUMPUR (May 11): Top Glove Corp Bhd's wholly-owned subsidiary TG Excellence Bhd has accelerated the latter's bond buyback under its RM3 billion perpetual sukuk programme as part of the world's largest rubber glove manufacturer's continuous capital and balance sheet management to optimise its capital position and reduce funding cost.

According to the bonds' facility agent Hong Leong Investment Bank Bhd's (HLIB) filings with Bank Negara Malaysia's (BNM) Fully Automated System for Issuing/Tendering (FAST) website, TG Excellence had in recent days bought back and cancelled RM50 million worth of bonds under the RM3 billion perpetual sukuk programme.

HLIB said TG Excellence had on April 29, 2022 and last Thursday (May 5) cancelled RM40 million and RM10 million worth of bonds respectively under stock code PZ200004.

On Tuesday (May 10), HLIB said another RM10 million worth of TG Excellence bonds under stock code PZ200004 will be cancelled on Friday (May 13) pursuant to a notification of a buyback transaction by the issuer.

HLIB, however, did not specify the duration and annual profit rate of TG Excellence's perpetual sukuk.

Top Glove said in a statement on Feb 20, 2020 that the perpetual sukuk, which offers an annual profit rate of 3.95%, had no legal maturity date.

"The issuance proceeds will be used to pare down the company's borrowings, and will also be earmarked for capital expenditure, working capital and general corporate purposes," Top Glove said.

On April 28, 2022, Top Glove was quick to clarify further in a Bursa Malaysia filing the group's intention under the bond buyback following news reports on the cancellation of bonds under TG Excellence's RM3b perpetual scheme.

"The company (Top Glove) would like to clarify on the news article from theedgemarkets.com, with regard to 'Top Glove subsidiary to cancel RM40 million Islamic bonds under RM3b perpetual scheme' on April 27, 2022.

"The perpetual sukuk [was] first issued in February 2020 at RM1.3 billion, and carry a coupon of 3.95% per annum. In view of the company's cash position, and as part of the company's continuous capital and balance sheet management in optimising its capital position, and reducing its funding cost, the company has purchased this RM40 million nominal amount of perpetual sukuk at a discount from (on) the open market," Top Glove said.

Top Glove said the company "will continue to do so at the right amount and pricing" and that it will proceed to cancel the perpetual sukuk in accordance with the terms and conditions under the bond scheme.

Top Glove is the world's largest rubber glove manufacturer by production capacity.

According to Top Glove's latest investor presentation, the company has an annual production capacity of 100 billion pieces of gloves as at May 2022.

Top Glove, which has a workforce of over 22,000 employees, said it has 49 factories, comprising 32 glove manufacturing facilities in Malaysia, three in Thailand and one each in China and Vietnam, as well as 12 non-glove factories.

On Top Glove's website, the company, which was established in 1991, said, "What started as only a local business enterprise with one factory and one glove production line, has today captured 26% of the world market share for rubber gloves."

Top Glove said it exports its products to over 2,000 customers across 195 countries.

Across the glove manufacturing industry, Top Glove's major rivals include Supermax Corp Bhd, Kossan Rubber Industries Bhd and Hartalega Holdings Bhd.

Top Glove is listed on Bursa Malaysia and the Singapore Exchange.

At Bursa on Wednesday, Top Glove's share price closed down two sen or 1.29% at

RM1.53 to value the group at about RM12.36 billion based on the company's 8.01 billion outstanding shares.

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