

TOP GLOVE: HORIZONTAL INTEGRATION 'NOT NECESSARILY' ABOUT M&A

24 June 2022 / 12:06



KUALA LUMPUR (June 24): Top Glove Corp Bhd, the world's largest glove maker by production capacity, clarified on Friday (June 24) that its surgical glove gamma sterilisation facility, nitrile butadiene rubber (NBR) latex plant and glove former factory are all built in house and that the company's planned horizontal integration initiatives are not necessarily achieved through merger and acquisition (M&A) activity only, but also via organic expansion as well.

"We wish to clarify that our gamma sterilisation facility, NBR latex plant and glove former factory are all built in house. Our gamma sterilisation facility has been in operation since March 2022 (Phase 1) and our NBR latex plant is in progress," Top Glove said in a statement to theedgemarkets.com.

Top Glove, which has an annual glove production capacity of about 100 billion pieces as at June 2022, issued its clarification statement in response to an earlier report by theedgemarkets.com on Thursday (June 23).

Top Glove, which is deferring its rubber glove output capacity expansion, said on Thursday (June 23) that it was focusing instead on vertical and horizontal integration initiatives, which included ownership of a gamma sterilisation facility, NBR latex plant and glove former factory, all of which would cater for Top Glove's internal consumption.

On Friday (June 24), Top Glove said its surgical glove gamma sterilisation facility, which involves an estimated capital expenditure (capex) of RM95 million, is located in Klang, Selangor.

Meanwhile, Top Glove's proposed NBR latex processing plant, which involves an estimated capex of RM600 million, is located in Banting, Selangor, according to the company.

Top Glove said the surgical glove gamma sterilisation facility's operations will be carried out in

stages in 2022 and 2023.

According to the company, the surgical glove gamma sterilisation facility, upon completion, aims to sterilise 650 million pieces of surgical gloves a year.

On the proposed NBR latex processing plant, Top Glove said construction of the plant will be carried out in four phases for expected completion by the first quarter of 2026 with a 200,000 tonne capacity.

"Phase 1 [of the plant] is expected to commence operations by the first quarter of 2023 with a 50,000 tonne capacity," Top Glove said.

At Bursa's 12.30pm break on Friday (June 24), Top Glove's share price settled up two sen or 1.9% at RM1.07, which brings the company's market capitalisation to about RM8.57 billion.

Top Glove has 8.01 billion outstanding shares, according to its latest quarterly financial report.

The Edge Markets