

TOP GLOVE IN TALKS TO ACQUIRE HIGH-END RIVAL

24 November 2017 / 12:11



A worker inspects products at a Top Glove factory in Klang, outside Kuala Lumpur. © Reuters

KUALA LUMPUR: Top Glove on Friday said it is negotiating to buy all shares of rival Aspion, the surgical glove producing unit of Adventa Capital.

The company is already the world's largest maker of natural rubber gloves.

The group has entered into exclusive talks and has until Jan. 15 to negotiate definitive agreements with Malaysia-incorporated Aspion. Should the purchase go through, Top Glove would gain access to a hightier market and technology.

Aspion produces specialized surgical gloves that command higher margins. But the market is tightly regulated. To meet quality standards, makers need specialized technical and manufacturing know-how. Top Glove said the purchase would offer a "breakthrough" into a sophisticated

market, enabling it to make inroads into the advanced economies of North America, Europe and Japan.

"We are confident the resulting significant synergies, economies of scale and enlarged market presence will strengthen the group's growth profile," Lim Wee Chai, Top Glove's founder and executive chairman, said in a statement.

The group did not say how much it expects to pay for Aspion, only that it will consider the specialist glove maker's 80 million-ringgit (\$19 million) projection for profit after tax for fiscal 2018.

The world's annual demand for surgical gloves is about 2 billion pairs. The market, valued at \$1.4 billion, is expected to grow to 3 billion pairs by 2020 at an annual rate of 8%.

Nikkei Asia