

MALAYSIA'S TOP GLOVE TO ACQUIRE ADVENTA CAPITAL UNIT FOR AS MUCH AS \$350 MLN

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KUALA LUMPUR, Nov 24 (Reuters): Malaysia's Top Glove Corp Bhd is planning to acquire the surgical glove producing unit of Adventa Capital Pte Ltd, the company said on Friday, for an estimated price of up to 1.44 billion ringgit (\$349.60 million).

The acquisition of Aspion Sdn Bhd will make Top Glove one of the world's largest surgical glove manufacturers, on top of being the largest rubber glove manufacturer globally.

Top Glove said in a bourse filing that the indicative purchase consideration would be based on Aspion's target profit after tax (PAT) of at least 80 million ringgit for the 2018 financial year, and contemplated price-to-earnings multiple of 16 to 18 times of that target PAT.

The company will also take into consideration a guarantee by Adventa Capital for reimbursement of any shortfall in the target PAT.

Reuters calculations showed that the purchase consideration would amount to 1.28 billion to 1.44 billion ringgit.

Top Glove said the acquisition will be done via a combination of cash and issuance of new ordinary shares not more than 10 percent in value of the purchase consideration.

The issue price of the new shares will be determined at a later stage.

The deal will help expand Top Glove's product range and provide access to technologies and innovations of the Aspion Group.

"As Aspion's geographical coverage is complementary to Top Glove's markets, the proposed transaction will provide immediate access into North America, Europe and Japan," Top Glove said in a statement.

It also said the global market value for surgical gloves was estimated at \$1.4 billion in 2015 and is expected to expand by a compound annual growth rate (CAGR) of 9 percent. Demand, currently at 2 billion pairs, is expected to grow at a CAGR of 8 percent by 2020.

Hong Leong Investment Bank Bhd is the appointed principal adviser and transaction adviser for the deal.

Aspion's holding company, Adventa Capital is 30 percent owned by the managing director and major shareholder of Adventa Bhd. Adventa's shares rose as much as 27.1 percent on Friday, while Top Glove climbed as much as 3 percent.

Top Glove accounts for about one-fourth of global rubber glove production, with a manufacturing capacity of 51.9 billion pieces per year.

Listed in Malaysia and Singapore, Top Glove operates from Malaysia, Thailand and China, exporting to more than 195 countries.