

TOP GLOVE LOOKING TO SEAL M&A DEAL BY AUGUST THIS YEAR

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KUALA LUMPUR (Jan 6): Armed with a war chest of cash from a stellar financial year 2015 and a strong first quarter financial year 2016 (1QFY16) results, Top Glove Corporation Bhd is now on the prowl for mergers and acquisitions (M&As) and is looking to seal a deal by August this year.

Its chairman Tan Sri Lim Wee Chai said today that the company has shortlisted three local companies for an M&A exercise, to be concluded within the company's financial year ending Nov 30, 2016 (FY16) in the glove-related sector.

"We have allocated RM100 million to RM1 billion for the M&A (exercise)," he said, after a briefing on the company's 1QFY16 results.

"We are looking at the glove sector, printing, packaging and chemical sectors, and even the glove mould sector," he added.

Top Glove's net cash position is RM366.1 million as of 1QFY16, while borrowings stood at RM499.1 million.

Although Lim said the company is looking to fulfill the M&A with cash or bank borrowings, he did not discount the possibility of issuing shares to raise capital.

For 1QFY16, Top Glove recorded an all-time increase of 163.6% to RM128.34 million or 20.64 sen per share, from RM48.68 million or 7.85 sen per share a year ago, on the back of a strong US dollar and lower raw material prices.

Revenue rose to a record high of RM800.3 million, a 41% growth from RM567.6 million in 1QFY15.

Meanwhile, Top Glove executive director Lim Cheong Guan said the company is targeting a 10% to 15% growth in sales volume, underpinned by increased competitiveness in Malaysia's glove sector, on the back of a weak ringgit.

"Chances are very good that we can record a higher (profit) margin. The guidance we have received is 5% to 9% this year," he added.

Lim also said that the company plans to increase mechanisation and automation.

The company is also planning to expand operations, with a new factory in Klang to be ready by February 2017.