

TOP GLOVE TO BEGIN CONDOM PRODUCTION BY JULY

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The world's largest rubber glove manufacturer Top Glove Bhd will begin condom production by July this year.

The company has announced it is entering the lucrative condom supply market and will manufacture the product at its factory in Meru, Klang.

"We will start small, using double former condom making on two lines, but could eventually increase to 10 lines depending on demand," executive chairman and substantial shareholder Tan Sri Dr Lim Wee Chai said.

He was speaking after the signing of US\$310 million (RM1.2 billion) syndicated credit facilities with eight financial institutions to fund Top Glove's acquisition of Aspion Sdn Bhd.

Lim said the company is eyeing Europe, Africa, Latin America and Asia markets for its foray into the contraception product.

On its business model, Top Glove is adopting its glovemaking business strategy for the condom venture and have 80% as an original equipment manufacturer product and 20% as inhouse brands.

Lim said Top Glove is also planning to introduce its own brand, called Top Feel, by the end of the year.

Top Glove's foray into the condom space is part of its expansion and diversification plan in line with its vision to be a Fortune 500 company by 2040.

Top Glove is setting up a new glove making plant in Vietnam with an initial investment of nearly

RM100 million on land, buildings and machines.

Sitting on a 20-acre (8.09ha) parcel of land, the factory will mainly produce vinyl gloves on 10 assembly lines and this will see Top Glove increasing its product mix volume by 13% (with thermoplastic elastomer and cast polyethylene gloves).

As at March 15, 2018, Top Glove had 29 factories in Malaysia, four in Thailand and one in China, making a total of 34 factories at a capacity of 51.9 billion gloves per year.

In China, Lim said the company is in the process of converting the assembly lines to use natural gas instead of coal fire, in line with Beijing's requirement on the environment.

Eight assembly lines have been converted from a total of 24 lines, with one new boiler to cost up to RM2 million.

Top Glove signed an unsecured syndicated credit facilities agreement for US\$310 million with a consortium of eight banks to fund the Aspion acquisition at a purchase consideration of RM1.37 billion.

The syndication was led by Citibank Bhd as the sole coordinator, mandated lead arranger and bookrunner with seven lenders that include Bank of Tokyo-Mitsubishi UFJ (M) Bhd, Hong Leong Bank Bhd, Mizuho Bank (M) Bhd, Sumitomo Mitsui Banking Corp Malaysia Bhd, BNP Paribas SA, Bangkok Bank Bhd and Bank of China.

The credit facilities comprise a US\$155 million two-year term loan facility and US\$155 million five-year murabahah facility.

Top Glove expects to complete the acquisition of Aspion by the first week of April.

Upon completion, Top Glove's capacity will rise to 64 billion gloves per annum, an additional 4.6 billion from Aspion's three factories.

The deal will see Top Glove poised to emerge as the world's largest surgical glove manufacturer.

The Malaysian Reserve