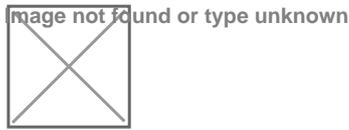


TOP GLOVE TARGETS RIVALS

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Top Glove chairman Tan Sri Lim Wee Chai (right) and managing director Lee Kim Meow at briefing in Kuala Lumpur yesterday. Pic by Mohd Khairul Helmy Mohd Din

TOP Glove Corp Bhd, the world's biggest rubber glove maker with a 20 per cent global market share and 42 billion pieces capacity, is seeking dominance as it actively pursues rivals that are still "single and available".

Chairman Tan Sri Lim Wee Chai said the glove industry is likely to see mergers and acquisitions (M&A's) in this current challenging business environment where demand is not keeping up with supply. Apart from costlier labour and fuel rates, glove manufacturers have to bear the brunt of the European Union cancelling the General System Preference (GSP) since the beginning of this year.

The GSP is a system where developed countries grant preferential treatment to eligible products imported from developing countries, including Malaysia.

In 2012, the European Union revised the GSP and listed Malaysia as an upper middle-income economy, based on World Bank data and the country's gross national income.

Multinational companies are letting go low margin business units to invest in more innovative designed and premium priced gloves.

A Thailand-based unit of the United States' firm Kimberly-Clark Corp, Safeskin Medical and Scientific, announced that it will close one of its two rubber glove plants in Thailand, which is capable of producing 3.2 billion gloves annually. Australian glove maker Ansell Ltd is exiting the US

military gloves operations and shutting a manufacturing plant in Shah Alam, Selangor.

Two years ago, foreign investors had taken to snag a couple of beauties in Malaysia's glove making industry. In churning out 120 billion pieces a year, or two thirds of the world supply, it makes sense for these investors to invest their money here to gain a considerable grip of this healthcare business.

Back in August 2012, the Lohia family of the Indorama Group was reported to have paid some US\$270 million (RM883 million) for a controlling grip in YTY Industry Holdings Sdn Bhd. This Perak-based nitrile glove maker is capable of producing 8.2 billion pieces a year.

A few months later, Austrian rubber and plastic products maker Semperit Holding AG spent more than US\$200 million to gain control and take private Latexx Partners Bhd, which churns out nine billion pieces of rubber gloves a year.

Rubber gloves are widely used in the healthcare, food and other industries. Once dominated by Western companies such as Kimberly-Clarke, Ansell, Cardinal Healthcare and Baxter, Malaysia's industry now includes influential players like Top Glove Corp Bhd, Hartalega

Holdings Bhd, Supermax Corp Bhd and Kossan Rubber Industries Bhd, exporting to over 190 countries.

"We must continue to grow. Mergers and acquisitions among manufacturers are common in a maturing market like ours," Lim said yesterday.

Asked which rival is deemed attractive and a good match for Top Glove, Lim said: "In our industry, we're always talking to each other. Top Glove's door is always open to M&A opportunities that will bring about synergistic benefits to shareholders."

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