

TOP GLOVE TO GRAB LARGER MARKET SHARE

09 December 2017 / 12:12



Rubber glove maker Top Glove Corporation is looking to grow its share of the global surgical gloves market to as much as 40 per cent.

The key is its latest acquisition - fellow Malaysian firm Aspion, which is a wholly owned subsidiary of Adventa Capital.

Last month, Top Glove, which is listed on the mainboard of the Singapore Exchange and the main market of Bursa Malaysia Securities, said it had entered into exclusive talks to acquire the entire equity interest in Aspion in a cash-and-shares deal.

The purchase consideration is based on Aspion's profit after tax of at least RM80 million (S\$26.5 million) for the year to Oct 31, 2018, a possible guarantee by Adventa in case of a profit shortfall next year, and a possible multiple of 16 to 18 times the 2018 target after-tax profit.

This values the deal at about RM1.28 billion to RM1.44 billion.

Top Glove's executive chairman, Tan Sri Dr Lim Wee Chai, said the company expects to see a 20 per cent increase in revenue as well as profit upon completion of the deal, which is scheduled to take place by February next year.

Top Glove said the new shares to be issued will comprise not more than 10 per cent in value of the purchase consideration.

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

If the deal goes through, Top Glove said it will retain the existing leadership of Aspion.

Top Glove's global market share in the surgical gloves industry is around 12 per cent, while

Aspion, described by Top Glove as "the world's leading surgical glove manufacturer", has around 18 per cent.

Dr Lim said: "Post-acquisition, our combined market share will be 30 per cent, which will position us as the world's largest surgical glove manufacturer, and we hope to eventually grow this to 40 per cent over time."

He added that the company is leveraging on technological advances and constantly investing in research and development to identify ways to produce better and more cost-efficient gloves.

"The acquisition of Aspion is very much in line with our focus, as it is not just an acquisition of manufacturing facilities, but also of cutting-edge technology and breakthrough products, which are estimated to be seven years ahead of the competition," Dr Lim said.

He added that Aspion's glove products are industry firsts and "far surpass current high-end synthetic glove options". Aspion's new flagship series of surgical gloves, Finessis, is produced with molecular layer technology, which is seen by the company as a market changer in the surgical gloves sector.