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# Latexx gets RM852m buyout offer

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MALAYSIA'S first listed rubber glove maker Latexx Partners Bhd has received a non-binding takeover offer, valuing the company at RM852.03 million, from private equity group Navis Capital, in association with Mettiz Capital Ltd.

The offer by Navis Asia VI Management Co Ltd, a unit of Navis Capital Partners Ltd, is a small premium over Latexx's total market value including the warrants, at RM836.35 million.

The offer for Latexx's assets and liabilities values the company at RM3.10 a share, with Navis either paying cash or partly by issuing securities of a special purpose vehicle nominated by Navis.

The Latexx board said it has accepted the offer and Navis has an exclusivity period until April 1 2011 to conduct a due diligence on the company.

Although Navis is a well-known private equity fund with investments in Asia, not much is known about Mettiz.

Early last year, Mettiz partnered a private equity fund under US bank Goldman Sachs and Lee Swee Eng, the managing director of KNM Group Bhd, to take over the company in a deal valued at RM4.3 billion. However, the deal failed.

The offer for Latexx comes two months after Maybank Investment Research Bhd said in a report that

Navis and Mettiz propose to acquire the company with a small premium over its total market value of RM836.4 million

rival rubber glove maker Adventa Bhd was an acquisition target of a US company.

Tycoon Low Bok Tek holds a 7.13 per cent direct stake and an 22.86 per cent indirect stake in Latexx.

Low controls slightly more than half of Latexx warrants, which are fixed on a one-for-one basis.

The warrants can be converted into mother shares at 53 sen each. Latex warrants were last traded at RM2.26, while its mother shares last traded price were RM2.80.

The other substantial stakeholder in Latexx is Lembaga Tabung Haji with a 5.37 per cent stake, while a slew of foreign and local funds such as Credit Suisse Securities (Europe) Ltd, JPMorgan Chase Bank and CIMB Bank collectively hold slightly more than 10 per cent of the company.

The offer is also against a backdrop of higher rubber prices that could impede margins, though the company itself is on course to post a record net profit for the year to December 31 2010.

For the nine months to September 30 2010, Latexx made a net profit of RM59.89 million, eclipsing its full-year record net profit of RM51.37 million in 2009.