

Company Name : Karex Berhad
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Karex To Buy Remaining 30% Stake In US Condom Firm GP

KUALA LUMPUR (Nov 12): Karex Bhd is acquiring the remaining 30% stake in US-based Global Protection Corp (GP) for RM42.26 million, to be satisfied via the issuance of new shares.

Under the deal, Karex will issue 82.93 million new shares — at a price to be determined later — to GP president and director Davin Wedel for the stake. Post-acquisition, Wedel will own 7.64% of the enlarged company while Karex will own 100% of GP.

In a filing with Bursa Malaysia, Karex said the acquisition will be undertaken via its wholly-owned subsidiary Karex Global Ltd.

The group said the acquisition is in line with its strategy to expand its own brand manufacturing business.

“Upon the completion of proposed acquisition, Karex group will be able to fully benefit from the manufacturing and distribution of GP products, which will in turn further increase Karex group’s market share at the international forefront in the sexual wellness business by leveraging on GP products.

“In view of the above, the board expects the proposed acquisition to continue to contribute positively to the future earnings of Karex group,” it added.

Karex had acquired a 55% stake in GP for US\$6.6 million back in 2014.

At that time, Karex was given the option to acquire further 15% and 30% stakes in GP in 2017 and 2020 respectively via call and put option agreements to be entered into between the two parties.

In March 2018, Karex completed the acquisition of the first option shares of 15% worth US\$1.95 million satisfied by cash, which saw Karex's stakes in GP rising to 70%.

Prior to the acquisition of GP, the US firm was involved in the sale of condoms under its own brand of ONE to retailers and the public healthcare sector while Karex was the main supplier of GP for condoms manufactured by Karex's Malaysian and Thailand subsidiaries.

After the acquisition, GP has become the main distributor of Karex in North America. GP's marketing channels are predominantly the healthcare and public sectors as well as in more recent years, retails outlets such as Walmart and via various e-commerce platforms.

Karex's share price closed up half a sen or 0.65% at 78 sen, valuing the group at RM781.85 million.

This is 75% lower than its peak of RM3.09 reached in January 2016.