

Tomypak Completes Its 70% Acquisition Of EB Packaging

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Editor

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Tomypak announced that it has completed the acquisition of 70% equity interest in EB Packaging Sdn Bhd by its wholly-owned subsidiary, Tomypak Flexible Packaging Sdn Bhd for a total cash consideration of RM73.5 million.

This was based on the approved shareholders in its previous EGM Meeting on 11 October 2023.

The approved resolution by shareholders of the group was for the proposed acquisition of 70% shares in EB Packaging.

The call and put options for the remaining 30% equity interest of EB Packaging. The total cash consideration for the acquisition and options are RM73,500,000 and a maximum of RM31,500,000 respectively.

The company said this strategic expansion via the acquisition of a prominent and well-established player in the flexible plastic packaging sector, aligns with the group's strategy centered on bolstering the revenue and profitability of the group.

“By doing so, we aim to expand our footprint vertically within the flexible plastic packaging sector. This decision is rooted in the recognition that our Group and EB Packaging both cater to different customer bases,” it said in a statement today.

The company added that its customers are predominantly food and beverage manufacturers while EB Packaging engages with a diverse clientele including industries like food, electronics, industrial packaging and building materials.

“This diverse customer base presents a unique opportunity for mutual growth and synergy, capitalizing on each other’s strengths, brand identities, and track records.

“Furthermore, through the consolidation of cost synergies, covering the procurement of raw materials and common support services by both EB Packaging and our Group, we aim to achieve significant cost reductions and improvements in operational efficiency in the enlarged Group as a whole.”

The company added that with the acquisition, the group minimizes its exposure to potential risks associated with EB Packaging’s financial performance.

“Meanwhile, the promoters will continue to manage EB Packaging’s business for an additional three years.