

TOP GLOVE BULLISH ON EARNINGS

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Results time: Lim (left) and MD Kim Meow Lee at the press briefing.

SHAH ALAM: Top Glove Corp Bhd expects its full year ending Aug 31, 2016 (FY16) net profit to improve by about a quarter from last year's performance on rising sales and cheaper raw material prices.

Chairman and founder Tan Sri Lim Wee Chai said FY16 would be a record year for the company and that an additional capacity of 3.4 billion pieces of glove per annum would be added to Top Glove's existing plants this year.

"However, organic expansion is not enough for the company. We also need to expand inorganically.

“Our team is working very hard for potential mergers and acquisition (M&A). There are a number of glove factories that are willing to sell at the right price, but it is not easy to find a suitable one,” he told reporters at Top Glove’s third quarter results briefing yesterday.

Lim said the company was planning at least one acquisition exercise by the end of this year.

Top Glove had announced its expansion plan of adding a total 7.8 billion pieces per year to its current capacity of 44.6 billion gloves a year by February 2017.

Lim said Top Glove was also looking at other businesses that could complement its current business as a glove maker.

He said the company had set up other subsidiaries related to gloves, such as a glove formers factory that has already started operations

“This will provide good savings as well as enhance our bottom line. We also intend to set up a chemical dispersion facility and plan to continue improving our R&D segment,” he said.

The world’s largest producer of rubber gloves posted a net profit of RM295mil in the first nine months of its financial year ending Aug 31, 2016 (FY16), which is higher than RM280mil it garnered in the full 12 months of FY15.

For the third quarter ended May 31, 2016, Top Glove posted 13.6% lower net profit to RM62.5mil on the back of a 1.68% increase in revenue to RM672.27mil.

The group’s softer performance in the third quarter came on the back of a strengthening ringgit against the US dollar as well as significant hikes in raw material prices.

Despite the decline in the third quarter result, for the first nine months of FY16, Top Glove’s net profit was up 66.9% on the back of 20.3% jump in

revenue to RM2.17bil.

Top Glove said its sales volume for nitrile gloves grew by 39% while non-powdered latex increased by 20% in the first nine month of FY16.

Lim said Top Glove was on track to meet its target of having 30% of the global rubber glove market share by 2020. Its current market share accounts for 25% of the global supply.

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