

TOP GLOVE PLANS RM200M EXPANSION

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Media briefing: Lim (middle) looking at the company's annual report. With him are Top Glove executive director Lim Cheong Guan (left) and managing director Lee Kim Meow.

SHAH ALAM: Top Glove Corp Bhd has set aside RM200mil for capital expenditure next year as the glovemaker ramps up its production capacity to meet strong global demand.

The company is also prepared to spend RM1bil for mergers and acquisitions (M&A) as it aims to acquire at least one peer a year.

“We are ready for it since our last M&A was done, so the next will be announced quite soon,” its chairman Tan Sri Lim Wee Chai said.

“Mergers and acquisitions are a must in order to sustain growth. We must have at least one every year and we have the financial capacity for it seeing as our balance sheet is healthy,” he told reporters yesterday at a briefing on the group’s results for the year ended Aug 31 (FY15).

Top Glove had a good run in FY15 as the weak ringgit and lower raw materials prices boost its profits to a new high.

“Currently, we have a global market share of 18%-20% for our nitrile gloves. We are picking up quickly in terms of quality and quantity. In the next three years, we can be top in terms of efficiency and capacity,” executive director Lim Cheong Guan said at the briefing.

“We are in a good place right now as demand for our nitrile gloves has exceeded capacity. Our team is working hard to up our capacity,” he added.

Currently, the company has 25 factories with 484 production lines and an annual capacity of 44.6 billion pieces, which would be increased to 540 production lines with an annual capacity of 52.4 billion pieces with the expansion of three plants – F27 in Lukut, Port Dickson; F6 in Phuket, Thailand; and brand new plant F30 in Klang.

Top Glove is investing RM80mil-90mil on F30 after spending RM70mil on F29, another plant in Klang, which came onstream in February. By February 2017, the company would have 26 glove factories.

In FY15, Top Glove increased its market share in North America to 30% from 27% last year, while more or less maintaining its presence in Europe, Asia, Latin America, the Middle East and Africa with 30%, 18%, 10%, 8% and 4%, respectively.

For the fourth quarter ended August 31, Top Glove posted a net profit RM103mil, jumping a whopping 122% from RM46.32mil last year, while revenue increased 22.5% to RM709.44mil.

The company had also announced a final dividend of 12 sen per share, boosting its full-year payout to 20 sen per share.

The glove maker attributed its record-high financial performance to internal quality and cost efficiency improvements, the strong US dollar as well as weak raw material prices.

The company's full-year net profit rose 55% to RM280.14mil, or 45.36 sen earnings per share (EPS) from RM180.52mil, or 29.09 sen EPS in FY14. Revenue increased by 10.3% to RM2.51bil from RM2.27bil.

The turnaround of its China operation, which yielded an after-tax profit of RM4.2mil for FY15 from a loss of RM9.8mil a year earlier, also added to the improvement of group performance.