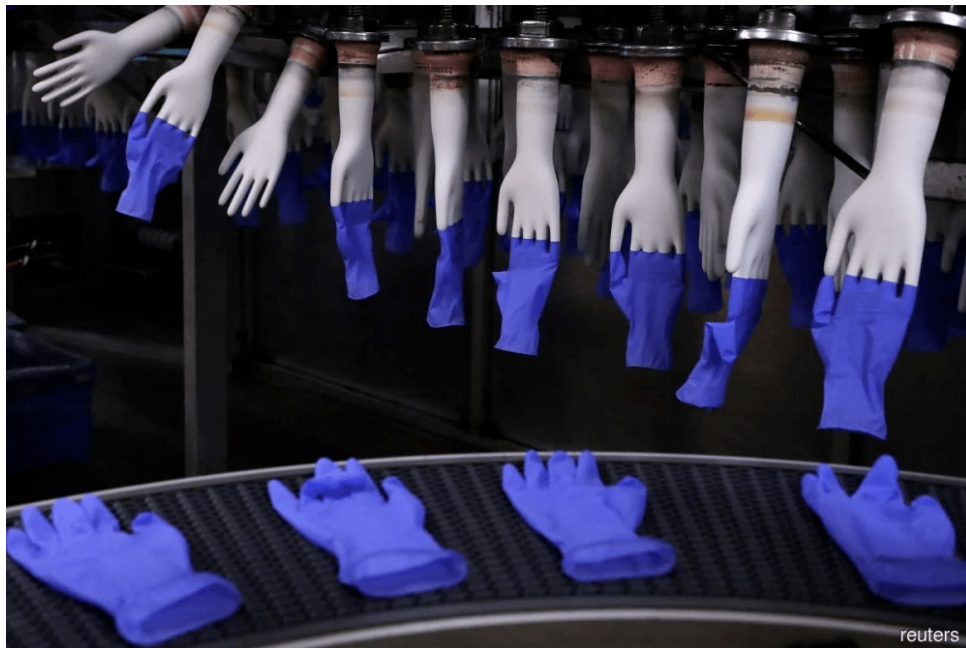


TOP GLOVE STILL LOOKING TO EXPAND VIA M&AS (UPDATE)

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KUALA LUMPUR: The world's leading rubber glove maker Top Glove Corp Bhd, which expects to post a double-digit growth in net profit this year, is still looking to expand rapidly via mergers and acquisitions (M&As).

Executive director Lim Cheong Guan said the group was ready to acquire other glove manufacturers or related businesses and was also willing to consider investing in new businesses as well.

The group, which commands 25% of the global market share, had RM142.8mil cash at the end of February. Its net debt to equity ratio currently stands at 1.5%.

Its rival, Supermax Corp Bhd, was speculated to be interested in diversifying into the contact lens business, according to last month's press reports.

Top Glove first revealed its plans for expansion in October last year but it has yet to ink any deals.

What is apparent is that the company has been quite consistent in expanding its landbank with the latest proposal to acquire a 1.5-acre commercial land from Century Logistics Holdings Bhd for RM20.3mil. The land is located in Mukim of Bukit Raja, Petaling.

Currently, Top Glove has about 200 acres in Klang and Meru.

Lim hinted that the company was poised to record a double-digit growth in its bottom line this financial year ending Aug 31.

“We added new capacity to nitrile glove manufacturing in February with a higher level of efficiency, and our loss-making operation in China has turned around. That should bode well for our profit projection.

“Although we do not rely on the volatility of currency and commodities, the strengthening of the US dollar and the lower crude oil prices have been quite positive for us,” said founder and chairman Tan Sri Lim Wee Chai after a presentation at Invest Malaysia 2015 yesterday.

Nitrile is a petroleum by-product and latex also has a close correlation to the oil price trend.

Top Glove’s net profit came in 35% higher at RM56.1mil on a 4.4% increase in revenue to RM572.2mil for the second quarter ended Feb 28.

It currently operates 27 manufacturing facilities in the region with a production capacity of 44.6 billion pieces of gloves per year.

Going forward, it will boost capacity by 18.3%, or 54 production lines, that can produce 7.8 billion pieces of gloves per year to 524 lines (50.4 billion pieces of gloves) by September 2016.

The Sun Daily