

# TOP GLOVE TO SEE DOUBLE-DIGIT SALES GROWTH FOR FY20

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*By SHAZNI ONG / Pic By BLOOMBERG*

TOP GLOVE Corp Bhd is expecting double-digit growth in sales for its financial year 2020 (FY20) and better performance compared to the current financial year, based on the glove industry demand which grew at 10% annually and has a potential to expand further.

Executive chairman Tan Sri Dr Lim Wee Chai (picture) said FY20 is seen to provide a more positive outlook for the sale of its products, which further strengthens the group's position as the world's leading rubber glove manufacturer.

"In terms of profit over the past 18 years since our listing in 2001, our compound annual growth rate (CAGR) of net profit grew about 21%.

"In terms of sales revenue, CAGR was about 22%. So (for) the coming financial year or financial quarter, we would continue to grow," he said at the signing ceremony between Top Glove, Mr DIY Group (M) Bhd and WWF Malaysia for biogreen biodegradable nitrile gloves in Setia Alam,

Selangor, last Friday.

Lim added that the launch of its new flagship green product, biogreen biodegradable nitrile gloves — which will be the first of many environmental friendly products that the group develops — is expected to further increase the market share.

“We just started (to launch) this product and will make sure the quality and pricing is good, and good for the environment,” he said.

“Now, we have about 26% of the world’s market share. Hopefully by next year, we would improve to 30%. I believe the new biogreen product will help. We have more than 10 million gloves in order. So, we believe more orders will come in and we are open for bookings too,” he said.

Lim also said the group has allocated RM60 million in capital expenditure (capex) for research and development (R&D) to explore and produce more eco-friendly products in line with the global demand.

“So in terms of percentage, from our profit before tax of RM500 million, we spent about 12% on this R&D. In terms of sales revenue, (it’s) 1.2%. We will continue to invest and spend more capex in this R&D department.

“This is a new and environmental friendly product and we would like to introduce it to the market. Top Glove has spoken to 195 countries and I believe this product would be well received in Europe,” he said.

On the prospect of the group’s for the upcoming fourth quarter (4Q) results, which is expected to be announced next month, Lim expects glad tidings.

He said demand for gloves has been growing very well because the standard of living and life expectancy have improved and the population has increased; while in the food industry, the standard of hygiene has improved.

“Our sales will continue to grow and profit-wise, hopefully (the 4Q) is better. Overall, (our performance) is doing very well. The (glove making) industry is a big industry (and) with the healthcare industry (doing) good, it is sustainable,” he said.

Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

As at Aug 16, 2019, Top Glove has 41 factories — 36 in Malaysia, four in Thailand and one in China, with 682 production lines that churn out 63.9 billion pieces of gloves per annum and 18,000 employees.

The group also has marketing offices in the US, Germany, Brazil, China and Thailand.

Top Glove’s closed its shares last Friday 0.45% or two sen lower to RM4.47, giving it a market value of RM11.45 billion.

Meanwhile, Mr DIY chairman Datuk Azlam Shah Alias said the home improvement retailer could be looking to open up to 550 stores by year-end, as part of the company’s aggressive expansion efforts.

“Funded with internally generated funds, we will continue to open stores in strategic locations nationwide based on our expansion plans for the year. By the end of the year, we might be looking at 550 stores,” he said.