

TOP GLOVE ON TRACK TO MEET 30% TARGET BY 2020

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KUALA LUMPUR (June 21): Top Glove Corp Bhd, which will soon make its debut on the Singapore Stock Exchange under its dual-listing exercise, is on track to meet its target of having 30% of the global rubber glove market by 2020, said its chairman Tan Sri Lim Wee Chai.

The group's production currently accounts for 25% of the global supply.

While organic growth is important to achieving the target, Lim said Top Glove is also looking to grow through mergers and acquisitions (M&A).

"We set a target of 30% and of course, expanding through organic growth is a must and we have a few lines coming up," said Lim, the group's single largest shareholder holding a 29.44% stake.

To recap, the group intends to add a total of 56 lines across three factories, namely F27 in Port Dickson and F30 in Klang as well as F6 in Phuket, Thailand. The group expects to complete the capacity upgrade by February 2017.

"However, this will not be enough. We also need to expand inorganically.

"We are working very hard for M&As, but it's not easy to get a suitable and good company. We have 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 said, adding the group aims to secure at least one acquisition by the end of the calendar year.

Lim was speaking at Top Glove's quarterly results briefing for the third quarter ended May 30, 2016 (3QFY16).

Top Glove reported a 14% year-on-year drop on its net profit to RM62.5 million due to margin pressure in 3QFY16. Its quarterly revenue was up marginally by 1.6% to RM672.27 million from RM661.19 million in the previous corresponding quarter.

Besides expanding its capacity, Lim said Top Glove is also looking at other businesses that could complement the group's operations, such as its glove former factory and its research and development (R&D) department.

"We have set up a glove former factory, which will enhance our profits, and plan to continue improving our R&D segment. We also intend to set up a chemical dispersion facility.

"So we are not just looking at glove production, but also other areas that will enhance our financial performance and the quality of our rubber gloves," said Lim.