

TOP GLOVE EYES 25% HIGHER NET PROFIT FOR FY16

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SHAH ALAM: The world's largest rubber glove manufacturer, Top Glove Corp Bhd, expects to achieve 25% higher net profit for the financial year ending Aug 31, 2016 (FY16), said chairman Tan Sri Dr Lim Wee Chai.

Lim said it is going to be another record year driven by growth in volume and better raw material prices.

"For the first nine months of this year, the company achieved RM297 million, more than the RM281 million profit garnered in the full 12 months of last year," he told reporters at a media briefing on the company's third quarter results in Shah Alam on Tuesday.

Top Glove's pre-tax profit for the third quarter ended May 31, 2016, declined to RM73.74 million from RM100.58 million a year earlier, while its revenue rose to RM672.27 million from RM661.19 million.

Lim said although Top Glove is adding one or two factories annually, this organic growth is not enough and the company is looking at acquiring

more.

"It is very hard to acquire (companies) through mergers and acquisitions (M&As), as it is hard to obtain good suitable companies.

"There are quite a number of factories that are willing to sell at the right price but it is not easy to find (suitable) ones, as we are still working on it and at the latest by year-end, we will acquire one," said Lim.

He said Top Glove is also looking at other areas to enhance its financial performance and quality of its gloves.

Lim said it has also set up other subsidiaries related to gloves, such as a hand former factory that has started operations and will provide good savings as well as enhance the bottom line and Top Glove's profits.

Lim said its research and development (R&D) department is strong and tie-ups or joint ventures with its customers could be formed for a better hold on customers' business.

"With our strong R&D department, Top Glove has an advantage over the other (rubber gloves) players," he added.

It is reported that Top Glove aims to garner a 30% share of the global rubber glove market by 2020, from 25% currently.

Lim said the global demand for gloves has been growing at an average 6%-8% annually and it is estimated at 190 billion pieces per annum for 2016.

"Medical gloves are a necessity in the healthcare industry, as there is no close product substitute available at the moment," he added. - *Bernama*