

# TOP GLOVE AIMS TO BE NO 1 IN NITRILE GLOVE MAKING SEGMENT

19 October 2016 / 12:10



**KUALA LUMPUR:** Top Glove Corp Bhd, which aims to achieve an annual sales growth of 10%, is ramping up its nitrile glove output which would enable it to emerge as the world's largest producer of the product in two years.

“We are building three new factories in Klang, which have a combined 100 production lines with a total production capacity of 10.8 billion pieces of gloves per annum,” said executive chairman Tan Sri Lim Wee Chai.

The first factory with 44 production lines (4.8 billion pieces) is targeted for operation in April 2017, the second with 14 lines (1.5 billion pieces) by August 2017, and the third with 42 lines (4.5 billion pieces) by May 2018.

Speaking at a media briefing on the group's financial performance, Lim said the group currently controls 16% to 18% of the total market share in the nitrile glove segment.

Its nitrile glove manufacturing lines are running at full utilisation rate, and account for 34% of its overall glove production, which also includes

powdered latex glove (35%), powder-free latex glove (19%) and others (12%).

“We continue to see rising demand for nitrile glove from [both] developed and developing countries,” said Lim, adding that the new growth markets are Argentina, Columbia, Brazil, Egypt and Saudi Arabia.

“We will also focus on traditional markets such as the US, China and India,” he said.

Aside from boosting its nitrile glove capacity, Lim said the group is also raising its natural rubber glove production by 1.4 billion, after adding 12 new production lines at its factory in Phuket, Thailand.

The expansion plan, Lim said, will give Top Glove an additional 112 lines by 2018, bringing its total capacity to 58.8 billion gloves from 46.6 billion per annum currently.

About potential mergers and acquisitions (M&A), he said Top Glove must be careful as finding a good acquisition target is not easy.

“We are not in a rush to seal a deal. Sometimes, it (a good target) may require us to pay three to four times above the book value. We have to do it smartly to ensure we can compete efficiently.

“The best way is to build factories using the latest technology or acquire an existing factory, then furnish [it] with machineries as it is more cost efficient,” he explained.

Having said that, should the M&A opportunities arise, Lim said the group would pump up to RM1 billion in capital expenditure for the deals to materialise.

Going forward, Lim expects the foreign exchange and raw material prices to remain volatile. The group, he said, will mitigate these by strengthening internal factors such as research and development and exploring new markets.

“Thus, we believe our profit margin will remain stable at the current level,” he added.

On the impact of water shortage in the Klang Valley, Lim said Top Glove has manufacturing plants across the region and this could help to offset the impact.

“Nevertheless, we are looking for solutions such as treating underground, pond and rain water to be used in the plants,” he said.

Top Glove’s share price gained four sen or 0.81% to RM4.97 yesterday, with a market capitalisation of RM6.25 billion.