

TOP GLOVE AIMS TO BUY A FIRM OR TWO WITHIN A YEAR

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SHAH ALAM: Top Glove Corp Bhd, which is on the acquisition trail, is targeting to acquire one or two local companies within a year, given its strong and healthy balance sheet position, said its chairman Tan Sri Lim Wee Chai.

Speaking to fund managers, analysts and media at a briefing yesterday, Lim said the group is looking for companies in similar and related industries, noting that its net cash stands at RM186.5 million as of Aug 31, 2015.

“We have the financial resources and now we are waiting for the right time,” he said, adding that the acquisition would range from RM500 million to RM1 billion.

For current financial year ending Aug 31, 2016, Lim said the group has earmarked close to RM200 million for capital expenditure (capex), which will be spent on organic growth, including capacity expansion, as well as for the acquisition of new land bank for its factory.

Top Glove aims to increase its production lines and capacity to 540 glove production capacity and 52.4 billion gloves per annum, from 484 glove production capacity and 44.6 billion pieces per annum currently. It currently owns 27 glove factories, including 22 in Malaysia, four in Thailand and one in China.

Lim said Factory 27 in Port Dickson and Factory 6 in Thailand are expected to be completed by January 2016 and July 2016 respectively.

The company is also in the midst of constructing Factory 30 in Klang, which is expected to be completed by December 2016.

“Going forward, we expect the demand for rubber gloves to keep growing at a rate of 5% to 6% every year, estimated at 180 billion pieces per annum for 2015,” added Lim.

At present, Top Glove has a global market share of 25% and is targeting to own 30% market share in the next two to three years.

Top Glove's sales breakdown is: 30% from Europe, 30% from North America, 10% from Latin America, 18% from Asia, 8% from Middle East and 4% from Africa. It has over 2,000 customers worldwide and exports to more than 195 countries.

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